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TOUR DE FRANCE
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Andorra	9.50 F	Iceland	[illegible]	Oman	1.000 Rials
Antilles	10 FF	Iran	115 Rials	Poland	[illegible]
Austria	25 S	Israel	NIS 4.50	Portugal	190 Esc
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Czechoslovakia	35 Kcs	Lebanon	US$1.10	Spain	175 Ptas
Denmark	13.00 D.kr	Libya	L.Din 0.60	Sweden	11.00 S.kr
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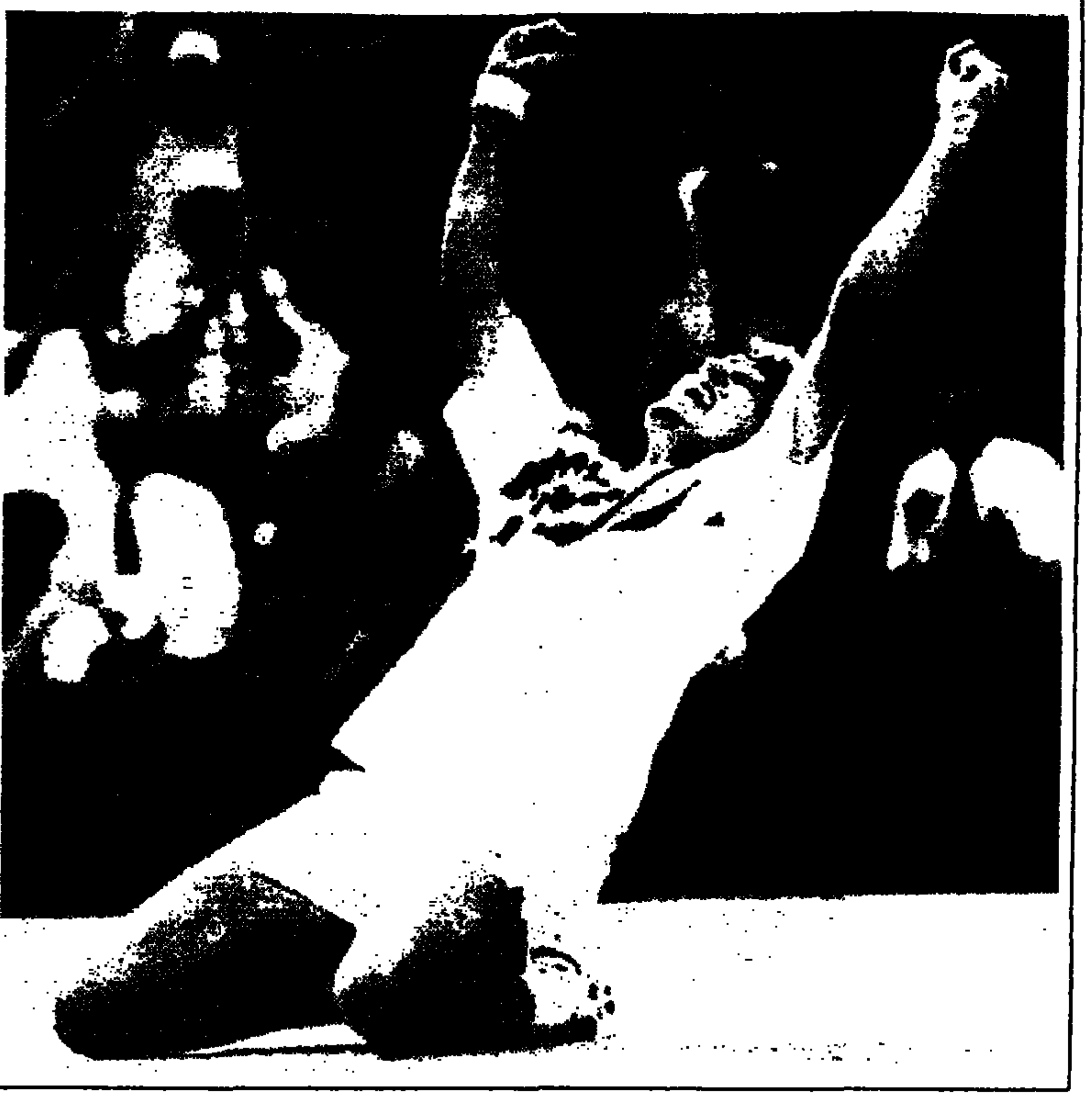
Stich Defeats Becker in Final At Wimbledon

Michael Stich, right, who had ousted defending champion and then No. 1-ranked Stefan Edberg from the tournament two days earlier, on Sunday beat Boris Becker for the championship of Wimbledon.

The score was 6-4, 7-6 (7-4), 6-4.

Stich broke Becker's serve in the first game of the match and kept up the pressure until he had made his compatriot a losing finalist for the second straight year.

But even if it had a surprise ending, this year's weather-plagued tournament ended in an all-German reign, Steffi Graf having defeated Gabriela Sabatini, 6-4, 3-6, 8-6, for the women's title on Saturday. Page 17.



Denis Paquin The Associated Press

Serbs and Croats Clash As EC Mission Falters

Nationalism at Home Shapes EC's Position

By Alan Riding
New York Times Service

PARIS — Nationalist groups in Corsica, Northern Ireland and the Basque region have commanded little international attention in recent days, yet these and similar movements have been quietly influencing the way several West European governments are viewing the Yugoslav crisis.

The immediate reason that the 12-nation European Community has come out in favor of preserving Yugoslavia's unity remains the fear that Balkan state's dismemberment could spread instability and encourage other separatist movements across Eastern Europe and the Soviet Union.

But for France, Britain, Italy and Spain, all countries where regional movements are demanding greater autonomy, there is acute awareness that recognition of the breakaway republics of Slovenia and Croatia as independent nations could haunt them at home.

Among community members, only Germany, which became unified last year in the first change of a European border since World War II, seems willing to contemplate redrawing the region's borders.

At a recent European summit meeting in Luxembourg and at a meeting of EC foreign ministers in The Hague on Friday, Germany spoke out for self-determination and contended that the two republics should be recognized if they came under fresh attack from the Yugoslav Army.

But as one senior Spanish official put it, "I can count the number of members that share that position on one hand — and I will have many fingers left."

At the two meetings, it was France that most firmly defended fixed borders and territorial integrity, with Foreign Minister Roland Dumas warning that, if the rebel republics were recognized, "tomorrow, what we have done for Yugoslavia would be applied to other cases."

In a country that embraces Western Europe's most centralized system, the topic of regional rights has always been viewed as a threat to a nation-state that took centuries to form and that since 1789 has functioned as a single entity.

Regional identities nonetheless remain strong, and a separatist terrorist movement in Corsica still frequently attacks federal targets. When President François Mitterrand last year unexpectedly proposed recognizing the "Corsican people," he was blocked by the Senate.

Nowhere in Western Europe is regionalism more present than in Spain, where, despite moves to grant greater autonomy to 17 regions after the end of the Franco dictatorship in 1975, the ETA terrorist group

See REGIONS, Page 4

At Least 3 Are Dead After 9-Hour Battle

Compiled by Our Staff From Dispatches

BRIONI, Yugoslavia — Serbs and Croats fought a fierce gunbattle in Croatia on Sunday, as three European Community foreign ministers held talks aimed at averting civil war in Yugoslavia.

The violence in Croatia was the first instance of fighting involving federal forces in the breakaway republic.

The press agency Tanjug said that two Serbs and an army soldier were killed in the nine-hour battle at Tenje, in eastern Croatia, one of hundreds of Serbian-populated villages in the Croatian republic that have become flashpoints for ethnic violence.

People at the battle site said 5 people were killed and 24 wounded; Belgrade radio put the toll at 10 dead or wounded.

In Slovenia's leadership, a quiet president is balanced by a flamboyant defense minister. Page 4.

The three foreign ministers, from the Netherlands, Luxembourg and Portugal, met federal and Slovene leaders on the Adriatic island of Brioni in a new EC effort to end the crisis over independence for the Slovene republic.

The talks appeared to be bogged down over who should control Slovenia's international borders.

In the Slovene capital, Ljubljana, Slovene officials said Sunday that they had learned through intelligence sources that the Yugoslav Army was preparing a large-scale "second-phase" attack on the republic.

The Slovene government released what it said was the text of an address delivered Friday by the army's second-in-command, General Blagoje Adzic.

According to the Slovenes, General Adzic told them to be ready by Monday night to "strike with full force" against Slovenia, regardless of orders from civilian authorities in the federal government. There was no independent verification of the report, and the army has not commented.

General Adzic delivered a television speech last week in which he said the army would "establish control and bring things to the end" in Slovenia.

The Slovene defense minister, Janez Jansa, said, "There is justified fear that the generals are insane enough to go out and attack even the civilians targets and civilian populations."

Fighting between Serbian extremists and Croatian paramilitary forces in the northeast of the country cast a shadow over the EC peace mission.

Army and Croatian sources both said the other side shot first at Tenje.

Croatian officials describing the fighting asserted

See YUGOSLAVS, Page 4

Upwardly Mobile Soviets: Hustle, Hype and Bribes

By David Remnick
Washington Post Service

MOSCOW — These are gold rush days for German Sterligov.

Six months ago, he dreamed up the idea of starting a private commodities brokerage and named it after his dog, Alisa. Now he estimates his fortune at "tens and tens of millions of rubles," and the Alisa logo appears regularly on the august pages of the newspaper Izvestia.

A 24-year-old college dropout and one of the self-proclaimed pioneers of Soviet capitalism, Mr. Sterligov is also the owner of the country's first professional hockey team and the founder of the Young Millionaires Club.

"Oh, and another thing," he said as his secretary stooped to light his Marlboro, "We're going to take over the Moscow racetrack and bring in the Kentucky Derby people to set up some big-time international racing."

First in a series

For all his bravado, Mr. Sterligov is not some Russian Donald Trump with his eyes fixed on a BMW sedan and a one-way exit visa to Wall Street. Descended from victims of the purges of the 1930s, he is out to build a culture of business where none exists, to promote an alien psychology of commerce and work in a country that made the destruction of ordinary initiative a matter of brutal policy.

When Mikhail S. Gorbachev goes to London next week, he will unveil his own, presidential plan and appeal to the leading industrial nations to help build a stable market economy in a country strewn with the rubble of collapse.

But while politicians struggle to find the right models and decrees, young entrepreneurs are making their fortunes amid the confusion and contradictions.

Until recently there were no business schools in the Soviet Union. To learn management meant to learn the art of socialist bureaucracy the way Mr. Gorbachev learned it, in the halls of the Young Communist League, or Komsomol. The only alternative was underground business — the vast black market.

While the names Gorbachev and Andrei

See CAPITALISTS, Page 4

Kiosk

New Algeria Opposition Chief Held

ALGIERS (Reuters) — Riot police on Sunday arrested the man chosen to lead Algeria's main Islamic opposition party, a week after the party's two top leaders were seized, witnesses said. They said the police burst into a news conference being given by Mohammed Said at the town hall in Kouba, an Islamic Salvation Front stronghold, and arrested him.

Algeria had appeared to be returning to a state of calm following the arrests of Abassi Madani and Ali Belhadj, the front leaders, and the detention of more than 1,300 others in the following week.

General News

Congress lacks authority to look into the 1980 hostage release, Meese said. Page 3.

Business/Finance

German bankers warned of a wage-price spiral. Page 11.

Crossword Page 15.

U.K. Asks Emirates To Aid Seized Bank

Compiled by Our Staff From Dispatches

LONDON — The British government has asked the ruler of Abu Dhabi to inject new cash into the seized Bank of Credit & Commerce International SA, the Bank of England said Sunday.

Sheikh Zayed ibn Sultan an Nahayan and his family control 77.4 percent of BCCI, whose operations were shut down Friday in several countries after allegations in Britain that senior executives had fraudulently tried to conceal losses. BCCI, based in Luxembourg, operates in 69 countries and has about $20 billion in assets.

Sheikh Zayed, the president of the United Arab Emirates, was in Europe Sunday on what officials in the emirates said was a private visit that had nothing to do with BCCI. The Sunday Times in London reported, however, that Sheikh Zayed was expected to meet with senior banking officials in Britain during the week.

Senior finance officials from Abu Dhabi, the capital of the United Arab Emirates, were holding a series of meetings Sunday to decide on a response to Britain's decision to halt the operations of BCCI. But official sources denied reports that the emirates would begin a campaign to protest the British move.

"We will seek clarifications and decide what to do to solve the problem quietly," an official said. "We are not going to protest at the United Nations."

The fall of BCCI is expected to bolster U.S. efforts to tighten bank supervision. Page 13.

As of Sunday, financial authorities in at least 14 countries, including the United States, Luxembourg, Japan and Germany, had effectively shut BCCI's activities.

Central bank officials in the United Arab Emirates repeatedly refused to comment on the issue, apart from saying that the emirates' finance and investment officials were meeting to decide what to do. They would not say whether a

See BCCI, Page 13

ANC Eases Sanctions Stand

But Resistance in Ranks Blocks Adoption of New Policy

By David B. Ottaway
Washington Post Service

DURBAN, South Africa — The African National Congress signaled a new flexibility Sunday toward economic sanctions imposed on South Africa. But strong rank-and-file resistance at the ANC's first national conference in three decades kept it from adopting a clear new policy.

The conference also elected an enlarged 91-member national executive committee dominated by members of the South African Communist Party. And it gave its new leadership wide powers to continue "talks about talks" with the white government over the start of constitutional negotiations.

Conference members fully endorsed the negotiations, but they insisted that all the obstacles previously cited by the ANC would have to be resolved before an all-party meeting. The obstacles include the release of political prisoners, the return of exiles and the ending of violence in the townships, which it has accused the government of instigating.

But the general mood of the conference was one of extreme militancy. This was reflected partly in the voting, partly in the insistence that the ANC remain a "national liberation movement" and finally in the roar of applause given by 30,000 supporters attending a post-conference rally here when the presence of observers from Iraq, Cuba and the Soviet Union was mentioned.

The new ANC leadership consists of President Nelson Mandela, 72; Deputy President Walter Sisulu, 79, formerly head of the ANC's internal wing, and Secretary-General Cyril Ramaphosa, 38, formerly head of the National Union of Mineworkers and the most prominent black labor official in the country.

Oliver Tambo, who for 24 years presided over the ANC in exile but is now partially crippled from a stroke, was given the largely honorary title of national chairman.

Winding up the five-day conference, Mr. Mandela pointedly called upon the 2,244 delegates to show a new "flexibility" and "imagination" toward sanctions, one of the ANC's most effective weapons in isolating and pressing the white minority government over the last decade.

"We want to continue to hold the line on the question of sanctions," he said, "and unless there is a great deal of flexibility and imagination we will be left holding a shell and nothing else."

He urged a new, "phased perspective" on the question of sanc-

See SANCTIONS, Page 4

A Newly Assertive Saddam

By Caryle Murphy
Washington Post Service

BAGHDAD — President Saddam Hussein has finally agreed, at least on paper, to permit United Nations inspection of Iraq's nuclear equipment, but diplomats and Iraqis here say his weeks of defiance on the issue appear to reflect his revived self-confidence and renewed military ambitions.

Given the secrecy surrounding decision-making in Baghdad, it is difficult to confirm the reasons for the hard-line position that Iraq has taken on this issue.

Baghdad's hesitation, and its refusal to permit UN inspection of equipment that is believed to be used for enriching uranium to weapons-grade quality, has prompted Washington to threaten renewed military action.

It also seems to contradict Iraq's three-month record of compliance with other stipulations of the UN resolution that formally ended the Gulf war.

Among U.S. officials, rising sense that Saddam must go. Page 2.

But diplomats and Iraqi officials cite several factors that appear to have influenced Baghdad's position on the nuclear dispute. These include Mr. Saddam's restored grip on power and the high value he places on obtaining nuclear weapons as a way to realize his ambitions for regional leadership.

In addition, some diplomats suggest, the Iraqi leadership may believe that any unilateral U.S. military action would not enjoy the same kind of international support that underpinned Operation Desert Storm because of growing disillusionment, especially in the Arab world, with the lack of progress in resolving the Israeli-Palestinian conflict since the end of the war.

"Perhaps Saddam Hussein thinks that it's not easy for the United States to use military means as it did during the Gulf crisis," said a diplomat in Baghdad, "because it cannot muster the support from Europe and Arab countries for military action against Iraq."

"People would ask," the diplo-

See IRAQ, Page 4

Martin Cleaver The Associated Press

A Croat readying a rifle-launched grenade during fighting with Serbs on Sunday near Tenje.

Need a Costly Procedure? Don't Be Surprised If Your Doctors Fight to Perform It

By Erik Eckholm
New York Times Service

NEW YORK — The brain surgeons are jousting with the bone surgeons, the dermatologists are rubbing plastic surgeons the wrong way and the radiologists are fighting with nearly all their medical colleagues.

Turf wars among doctors are nothing new. But now, as a growing supply of highly trained specialists confronts a stingier flow of fees, competition for the right to perform — and bill for — lucrative medical procedures is growing more intense.

Areas of conflict are proliferating along with new technologies for inspecting or repairing the body.

Underused cardiologists and cardiac surgeons fight for the right to insert pacemakers. Gastroenterologists, who refined the art of peering into the upper and lower digestive tracts with scopes, now watch in dismay as surgeons begin to do the peering themselves. These same two groups are also arguing over control of the new laparoscopic technique for removing gallbladders without open surgery.

The big money in American medicine is now in diagnostic and surgical techniques. The government and insurers are just starting to bear down on the traditionally high cost of these procedures, the way they already have on fees for office visits and hospital stays.

"The proceduralists are well paid, in many instances wildly overpaid," said Dr. Edwin Maynard, an internist at Massachusetts General Hospital in Boston and past president of the American College of Physicians.

The proliferation of new imaging techniques has left radiologists especially vulnerable to professional poaching. They long since lost their monopoly on X-rays, as more doctors installed machines in their offices. They have faced more recent onslaughts with the spread of ultrasound, nuclear diagnostics, magnetic resonance imaging, called MRI, and other methods.

One major dispute concerns who can interpret, or "read," magnetic resonance scans for fees that range from $150 to $250. Guerrilla warfare over this is simmering around the United States, mainly between radiologists and neurologists, since magnetic resonance imaging is often used for brain and spinal disorders, but also between radiologists and cardiologists as methods for scanning the heart are developed.

The discourse follows Rule No. 1 of the turf wars: All salvoes must be fired in the name of patient welfare.

"There are many neurologists reading MRI scans who shouldn't be," said Dr. James M. Moorefield, a radiologist in Sacramento, California, and chairman of the American College of Radiology. Neurologists involved in reading scans reply that they have obtained the requisite training and that their personal interpretation of scans is vital to good care.

One hospital in Atlanta negotiated a truce by granting radiologists and neurologists the right to interpret magnetic resonance scans on alternate days. The unknowing patients get their scans read by one or the other specialist simply according to when they show up.

Another important area of encroachment, Dr. Moorefield said, involves use of ultrasound, especially among obstetricians who have ultrasound machines in their offices. Fees range from $100 to more than $300.

"I am sure there is a lot of unqualified work going on," he said. "Not to say every one, but very many obstetricians have acquired these instruments with little or no training." The danger, he said, is that correctable conditions in the fetus, or hazards for the mother, will be missed.

Plastic surgeons complain that other specialists are horning in on the performance of rhinoplasties, better known as nose jobs. The debate follows Rule No. 2 of the turf wars: Any surplus must be in someone else's specialty.

"There aren't too many plastic surgeons," said Dr. John E. Christ, a plastic surgeon in Houston who advertises aggressively. "The problem is that other specialties are encroaching into the realm of plastic surgeons."

Not content to take on nose jobs and facelifts, some ear, nose and throat specialists are now "moving down the body," Dr. Christ said.

Walters on Germans: Eager to Be Thought 'Good Europeans'

MONDAY Q&A

An early and outspoken believer in German unification, Vernon A. Walters, the U.S. ambassador in Bonn, will leave his post this summer. In the first interview since announcing his retirement, Mr. Walters, 74, spoke with Joseph Fitchett of the International Herald Tribune about the role of the new Germany.

Q. Did Bush administration support for unification solidify the U.S. role in Germany's future?

A. I'm confident it has. Germans know in their hearts that we were the major contributors — when others were wobbling — to reunification. They remember that we were the only thing that kept them from being swallowed up by the Stalinist horror.

Q. The Cold War was partly a struggle for Germany. Where does the West's victory leave it?

A. Today's German students are the first postwar generation not to live in the long shadow of possible nuclear conflict. Yes, there will be Gulf wars, peripheral conflicts and, of course, the Yugoslavias. But we always recognized that a divided Germany was the major source of tension in Europe, so our goal was reunification and we achieved it, eliminating that major threat.

You will have new internal tensions in Europe, such as we see in the Balkans, but I think this is really quite a transitory phase — of maybe five to seven years — of a reflowering of strong nationalism long suppressed under the blanket of communism. The desire to get into the European Community will override these things.

•

Q. German politicians sometimes sounded as if their entire foreign policy consisted of reunification. Now are they ready to cope with the complex responsibilities incumbent on a full-fledged power?

A. Germans cannot escape the foreign issues forced on them by their geographical position, and they have been dealing with them through the alliance and the EC. Remember that this great big new Germany is the smallest Germany in 1,000 years, but by far the richest. And rich people are simply not interested in foreign adventures.

I think Germans are anxious to escape what they perceive as a bad part of their past and be considered good Europeans. That is going to be the overwhelming fact of German policy. They'll also want to keep the trans-Atlantic relationship. They — and even the Russians — regard the presence of some U.S. forces here as a stabilizing factor.

The Germans' overwhelming interest immediately is going to be bringing eastern Germany up; that's regarded as a moral obligation, and the world is watching them. The next is going to be a series of specific approaches. To Hungary, there is enormous gratitude because it violated the treaty [with East Berlin to let East Germans travel west]. There's a feeling of responsibility to Poland and France. And there is a strong feeling of kinship with the Czechs.

Q. Is a German-Soviet alliance a long-run eventuality?

A. I think the possibility exists, but I don't give it a very high mathematical probability. The German commitment to the West is strong.

Q. You have urged Germany to assume a fuller military role in international emergencies; won't greater power lead ultimately to nuclear weapons?

A. I think the Germans understand that it's a very explosive issue. I think they're willing to rely on ours to a primary degree, and the French and the British. They [the Germans] understand that a nuclear deterrent in their hands would be regarded as highly provocative. They don't think it would add anything to the overall deterrence we have achieved.

•

Q. While Germany was divided, France was a useful partner for Bonn. Do Germans have any reason to continue listening to Paris?

A. Yes, because Germans understand that communality with France — which we see strongly among young people — is the key to preventing a recurrence of European wars. They understand that the French had a lot to do with their being taken back into polite society. They regard French imagination and a certain volatility and German seriousness and reliability as a strong combination.

Q. In this upbeat view of German intentions, what do you foresee in relations with the United States?

A. We have a commonality with Europe, and I think that the recent [Secretary of States James A.] Baker speech has convinced Europeans that we have a common destiny — that Europe is the largest pool of skilled labor in the world, the largest industrial infrastructure in the world, and that we simply can't abandon it to its own fate. It was a declaration of commitment to work with the Europeans for peace.

Q. Without NATO, would the outlook in Yugoslavia be different?

A. The situation would be even more dangerous, because it would be more anarchic. Everybody in Europe has his own ideas and special friends in Eastern Europe. With the United States present, which is not caught up in historical European entanglements, you have a balance wheel.

Q. How many troops does the United States need to keep in Europe?

A. Everyone should remember that the Russian Army was completely destroyed in World War I, then within three years came back as the Red Army and the strongest force in Europe for the next 70 years. It's very difficult to make final decisions until we see more clearly the shape of the coming Russian state.

Bush Prods Gorbachev To Get Soviet Team 'Moving' on Arms Pact

By John E. Yang
Washington Post Service

WASHINGTON — Impatient with the pace of arms control talks, President George Bush has prodded President Mikhail S. Gorbachev to move on a treaty that would limit long-range nuclear weapons, thereby clearing the way for a summit meeting in Moscow.

The communication, delivered Saturday, reflected the president's eagerness to meet with Mr. Gorbachev, and at least initial the broad outline of a strategic-arms accord, before Mr. Bush's vacation in August. The delay in reaching an agreement has made a summit meeting unlikely before September, administration officials have said.

"I want to get their team moving forward as fast as ours is," Mr. Bush said. "I think he's very interested, and what I want to do is be sure that he energizes his bureaucracy just as we've energized ours, and his military particularly."

Of his message to Mr. Gorbachev, the president said: "It was strictly to express once again our continued interest in getting this START agreement finished. He knows and we know that to get a summit agreement, that must be finished up."

Secretary of State James A. Baker 3d said the president had urged Mr. Gorbachev "to send his people with instructions so we can close out START," referring to the Strategic Arms Reduction Talks.

The president's message was conveyed to Mr. Gorbachev by the U.S. ambassador to the Soviet Union, Jack F. Matlock Jr., in a brief conversation. Officials said it was prompted by Mr. Bush's disappointment over the lack of progress in nearly a week of talks in Geneva.

Reginald Bartholomew, the U.S. undersecretary of state for international security affairs, who is leading the U.S. team in Geneva, had expected getting Soviet responses to U.S. proposals on the major issues holding up a treaty.

The three areas of disagreement in the treaty involve the encoding of information transmitted during missile tests, the number of warheads that can be on multiple-warhead missiles and the definition of new types of missiles.

An administration official said the U.S. team had "indicated a readiness to deal" and in which areas, "without saying exactly how much" compromise was possible.

The Soviet team, the official said, digested "the information without responding," except to say that further review was needed.

Mr. Bush, who was spending the weekend at the Camp David presidential retreat, told Mr. Gorbachev that the U.S. negotiating team was ready to resume talks at any time, officials said.

Mr. Bush and Mr. Gorbachev may discuss arms control on July 17 when they meet in London. The session is to be held after the leaders of the seven leading industrialized nations, the Group of Seven, conclude a three-day meeting and before Mr. Gorbachev outlines to the group his plans for creating a market economy in the Soviet Union.

Mr. Gorbachev is seeking Western financial aid in that undertaking, and some U.S. officials want to use that as leverage to win arms-control concessions.

On Tuesday, the Soviet ambassador to the United States, Viktor G. Komplektov, said it was "quite possible" that a treaty could be ready to sign in late July or early August.

Mr. Bush made detailed proposals to settle the remaining issues in a letter to Mr. Gorbachev that Mr. Baker delivered to the Soviet foreign minister, Alexander A. Bessmertnykh, in Geneva on June 7. A week later, Mr. Gorbachev sent Mr. Bush a letter in which he stated his determination to reach a strategic-arms accord but did not offer a clear assent to any of Mr. Bush's proposals.

U.S. Agency Calls For Inquiry Into Boeing Engine

Reuters

WASHINGTON — The Federal Aviation Administration has ordered an emergency inspection of the reverse-thrust operation of Pratt and Whitney PW4000 engines on Boeing 767-300 jetliners after a crash on May 26 in Thailand.

The Lauda Air plane crashed in jungle 190 kilometers (120 miles) northwest of Bangkok, killing 223 people.

The aviation agency directed that operators inspect the planes' thruster systems within 30 days and make subsequent periodic inspections. The order came after officials of the National Transportation Safety Board had said there was evidence that the left engine of the twin-engine Lauda plane may have gone into reverse during ascent, at an altitude of 26,000 feet (8,000 meters). Reverse thrust is used to slow aircraft during landings.

The agency said that the cause of the accident had not yet been determined but that mandatory inspections were "prudent to ensure continued operational safety of these airplanes."

Boeing said that 50 of its 767-300 series with PW4000 engines were flying worldwide. The crash was the first of any of the 375 Boeing 767s built since the line was introduced in 1982.

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Kevin Larkin/Agence France-Presse

President Bush, golfing with Secretary of State Baker, said he had urged President Gorbachev to "energize" Soviet arms negotiators.

A Growing Sense That Saddam Must Go

NEWS ANALYSIS

By Thomas L. Friedman
New York Times Service

WASHINGTON — While President George Bush is going through the diplomatic motions of trying to get the Iraqis to surrender their nuclear weapons-making equipment peacefully, many administration officials are beginning to come around to the view that there is no diplomatic solution for their Iraq problem. The only solution, in this view, is the removal of President Saddam Hussein.

Wars do not usually end with the defeated general still in power in his capital, but for a variety of reasons the Bush administration was prepared to live with the Iraqi leader.

But that decision is now under review. Mr. Saddam's relentless efforts to retain his nuclear bomb components are making it increasingly difficult for Washington to justify having left him in power.

In fact, many officials now acknowledge that as long as he is there, the Gulf war will never really be over.

Few in the administration, however, want to admit that stark conclusion publicly, because to speak the words aloud would require doing something about them, and the fact is that Mr. Bush has been ambivalent about Mr. Saddam's fate since the day the war ended.

Mr. Bush inadvertently acknowledged the source of that ambivalence last week when he was asked whether he was disappointed about the lack of democratization in Kuwait. "The war wasn't fought about democracy in Kuwait," Mr. Bush bluntly retorted.

The war was, instead, fought to restore the status quo. And, as every U.S. policymaker knows, before Mr. Saddam invaded Kuwait he was a pillar of the Gulf balance of power and status quo preferred by Washington.

His iron fist simultaneously held Iraq together, much to the satisfaction of the American allies Turkey and Saudi Arabia, and it prevented Iranian Islamic fundamentalists from sweeping over the eastern Arab world.

It was only when the Iraqi dictator decided to use his iron fist to dominate Kuwait and Saudi Arabia that he became a threat.

But as soon as Mr. Saddam was forced back into his shell, Washington felt he had become useful again for maintaining the regional balance and preventing Iraq from disintegrating.

That was why Mr. Bush never supported the Kurdish and Shiite rebellions against him, or for that matter any democracy movement in Iraq. The president felt that Mr. Saddam and his army were broken and no longer represented any external threat, especially since Mr. Bush contentedly assumed that his intelligence reports were correct and that all of Mr. Saddam's nuclear capabilities had been destroyed.

Sooner or later, Mr. Bush argued, sanctions would force Mr. Saddam's generals to bring him down, and then Washington would have the best of all worlds: an iron-fisted Iraqi junta without Mr. Saddam. In the meantime, the foreign policy expert in Mr. Bush said: Ignore him.

But Mr. Saddam and his generals are not following the scripts that Washington handed them. The generals have not removed Mr. Saddam, and he is refusing to play the chastened and defeated foe ready to preserve tacitly a "Pax Americana" in the Gulf.

"You see, there are two Saddams," said Fouad Ajami, a Middle East expert at Johns Hopkins University. "The man in power with whom we were ready to live because we thought he was diminished, and keeping him around seemed convenient, and the symbolic Saddam — the man whom George Bush turned into a devil to mobilize the American public in a national crusade against, and whose continuing presence still taunts the victor."

Mr. Bush was ready to ignore the symbolic Mr. Saddam, taunts and all, as long as the real one was a strategic asset, not a threat. But those days may be over.

Mr. Bush has begun hinting at a military strike to knock out Mr. Saddam's remaining nuclear equipment, while leaving him in power. But some officials wonder whether he will not just try to build another bomb. Mr. Saddam's willingness to risk continued economic sanctions in order to preserve his nuclear program suggests that he remains more interested in personal aggrandizement and revenge than in rebuilding his country.

Indeed, Mr. Saddam has a unique personal incentive to continue trying to obtain a nuclear weapon quickly: It would deter the West from coming after him; it could be the vehicle for his revenge, blackmail, or intimidation against Israel or those Arab states who opposed him; it would be of enormous value for his own political resurrection in the Arab world and, symbolically, it would be the ultimate thumb in the eye of George Bush.

The longer Mr. Saddam is in power, the more incentive his Arab neighbors will have for doing business with him again and reintegrating him into Arab politics. Business is business and there is a lot of reconstruction business to be done in Iraq. Already, one can hear murmurings from Egypt that Iraq has been punished enough.

In the Middle East, "the hand you cannot cut off, you kiss," said Elie Kedourie, the Iraqi-born historian. The Arab leaders, he added, know well the rules of their world, which Mr. Bush too may soon have to confront: "Either you cut a deal with Saddam or you kill him, but there is no third way."

Iraq Reportedly Hanged 18 Officers as Plotters

Agence France-Presse

MANAMA, Bahrain — Eighteen Iraqi Army generals and high-ranking officers were executed last month for plotting to overthrow President Saddam Hussein, UN sources said here Sunday.

The sources, who took part in recent United Nations missions to Iraq, said the unidentified officers were hanged rather than killed by a firing squad, as is the normal practice in the military for high-ranking officers.

The army has mounted three coup attempts since February, according to the sources, when Iraq was expelled from Kuwait by a U.S.-led force. The sources said the information came from Iraqi interlocutors. The latest effort appeared to have been mounted shortly after a Muslim religious holiday in the last week of June, the sources said.

The army chief of staff, General Hussein Rashid Takriti, was dismissed last month with no announcement of a new posting. In early June, after an abortive anti-government revolt by the Kurds, General Abdel-Wahab Mohammad Hussein was dismissed from his post as coordinator with the allied forces that were deployed in northern Iraq. Kurdish sources said the general had been arrested on charges of "activities against the regime."

Arabs at Odds Over Who Will Protect Kuwait

By Alan Cowell
New York Times Service

CAIRO — An Arab effort to create a force to replace the dwindling U.S. and allied presence in Kuwait appeared to have encountered new difficulties Sunday with the postponement of negotiations on the composition of the Arab unit.

Egypt, which had seen the force as a means of securing both significant financial help and new regional influence, sought to play down the deferral as a technical delay, but Kuwait, which announced the postponement, said no new date had been set. It did not explain the hold-up.

The foreign ministers of Egypt, Syria and the six Gulf states grouped in the Gulf Cooperation Council had been set to meet in Kuwait on Tuesday to discuss the composition of a force to protect Kuwait in the aftermath of the Gulf war.

The Kuwait Information Ministry said no new date had been set for the gathering, which would bring together Egypt, Syria, Saudi Arabia, Kuwait, Bahrain, Qatar, Oman and the United Arab Emirates.

In Cairo, Foreign Minister Amr Moussa said that the "meeting has been postponed three or four days because some of the ministers were tied up with engagements" but that it would take place later in the week.

Western diplomats here, however, said the postponement seemed to reflect a host of difficulties surrounding the effort by Arab states with divergent senses of history and destiny to maintain the alliance they sustained while facing Iraq — a common enemy — during the war.

At that time, Egypt and Syria sent tens of thousands of soldiers to join the American-dominated buildup in Saudi Arabia, and Egyptian forces in particular played a symbolic role in the liberation of Kuwait.

In March, Egypt, Syria and the Gulf states signed an agreement in Damascus that outlined a proposal for Cairo and Damascus to contribute division-strength forces to the defense of Kuwait in return for financial aid needed by both countries.

Since then, according to Arab diplomats, Iran has registered strong opposition to the idea of a military presence by non-Gulf Arabs in the region. Few Gulf states have any wish to antagonize Iran, which is feared as a potential source of destabilization.

While some Gulf states would prefer a continued allied presence, Western diplomats here said, both Syria and Egypt had insisted that the Gulf states maintain their commitment to the Damascus agreement.

In negotiations since then, Syria, Egypt and the Gulf states have discussed stationing a 26,000-man force in Kuwait that would include only a token presence of 3,000 men each from Egypt and Syria. The bulk of the force — 10,000 men — would come from Saudi Arabia, with a further 10,000 from the other Gulf states. Kuwait's own army, completely overrun by Iraq, is said to be demoralized and decimated.

A Western diplomat said, "The Kuwaitis sense that all the Egyptians want is the money, and when they look at the Syrians, they remember how Syria intervened in Lebanon and finished up running the show."

WORLD BRIEFS

Jordan Ends 24 Years of Martial Law

AMMAN (Reuters) — Jordan on Sunday announced an end to martial law that had been in force since the 1967 Middle East war, the official press agency Petra reported. The decision was to take effect Monday.

The report said that King Hussein approved a request from the government of the new prime minister, Taher Masri, to cancel martial-law rules in line with moves "to continue building our democratic march and give greater political freedoms." Cases currently before martial law courts will still be heard by those courts.

The king's action was likely to bolster the position of Mr. Masri, Jordan's first Palestinian-born prime minister, when he seeks a vote of confidence from the National Assembly later this month.

Arms-Control Talks Begin in Paris

PARIS (Reuters) — Representatives of the world's five largest exporters of weapons and technology — the United States, China, Soviet Union, Britain and France — meet in Paris on Monday and Tuesday to discuss limiting the proliferation and sale of arms.

The closed meeting of political experts follows recent proposals on arms limitation and disarmament made by George Bush and François Mitterrand. The French president has proposed that the five countries, the permanent members of the UN Security Council, draw up an international register of arms sales to spot any arms buildup.

Bonn Sees Red Army Ties to East

BONN (Reuters) — Urban guerrillas from western Germany and their former protectors in what was East Germany are still working together underground, the head of German counterintelligence said Sunday.

The Red Army Faction, which began a bombing campaign against the West German establishment in the early 1970s, may have a core of only about 20 members, Eckhart Werthebach said in a radio interview. But its militant brutality, combined with the professional skill of its former East German mentors, makes it even more threatening to democracy in the West than the more than 2,000 neo-Nazis active in the East, he said.

With new identities and jobs in the Communist state, East Germany sheltered Red Army members from Bonn for years. Many have been arrested since reunification in October stripped away that shield, Mr. Werthebach said, but "there are indications that a link still exists."

Pakistan Denies Evasion on Imports

ISLAMABAD, Pakistan (Reuters) — Pakistan has responded to reports of illegal imports from Norway of computer software by saying it was not a party to any attempt to evade export controls. Such software is usable in nuclear weapons systems.

The comment Saturday from a Foreign Ministry spokesman followed reports that British customs officials were investigating the possibility of an illegal export link. Two persons have been arrested in Norway on suspicion of having broken Western export restrictions for computer equipment, according to the police in Oslo.

A Pakistani spokesman said it was up to foreign suppliers to comply with laws and regulations governing exports from their countries.

Swedes Home After Kashmir Escape

STOCKHOLM (Combined Dispatches) — Two Swedish engineers, who escaped after being held for 97 days by Muslim separatists in Kashmir, returned to Sweden on Sunday.

They fled their sleeping captors Saturday by jumping from a window. Jan-Ole Loman, 39, and Johan Jansson, 40, were working on a hydroelectric project near Srinagar at the time they were abducted.

They were held by the Muslim Martyrs Force, one of the several guerrilla groups fighting for independence for Kashmir. They said they had been treated well. *(AFP, AP)*

TRAVEL UPDATE

EC Backs KLM's Transavia Takeover

BRUSSELS (IHT) — The European Commission approved KLM Royal Dutch Airline's takeover of Transavia, the second largest carrier in the Netherlands, after ensuring access to the Dutch market for other EC airlines.

"The decision," an EC spokesman said Sunday, "is in line with the Commission's recent ruling in the French air market by allowing economies of scale but requiring market access for other carriers." The EC's approval last year of Air France's merger with two smaller French airlines, UTA and Air Inter, was conditional on the French government granting routes to other carriers.

Approval of KLM's acquisition of 80 percent of Transavia was announced late Friday by the EC and the Dutch government. Most of Transavia's operations are charter flights to warm resorts, but it also has some scheduled operations.

Thousands cheered in Pamplona as the mayor touched off a rocket to start a weeklong festival highlighted by the daily running of bulls through cobbled streets to the bullring in the northern Spanish city. *(AP)*

This Week's Holidays

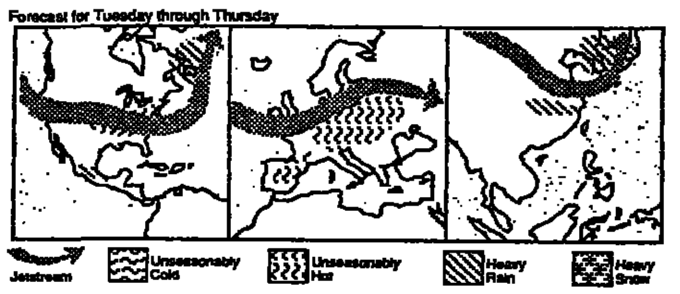
Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Malawi.
TUESDAY: Argentina, Morocco.
WEDNESDAY: Bahamas, Mauritania.
THURSDAY: Mongolia.
FRIDAY: Mongolia.
SATURDAY: Indonesia, Malaysia.

Source: J.P. Morgan, Reuters.

The Weather

Forecast for Tuesday through Thursday



North America

The south and eastern United States will have hot and mainly dry weather this week. A series of storms forming off the coast of New England will bring rain to parts of eastern Canada. The wet weather weather will continue in southern Mexico.

Europe

There will be no relief from the heat across most of Europe this week. Cool fronts will keep England and northern France seasonable, but elsewhere, temperatures will be well above normal. Showers will mainly be confined to the British Isles.

Asia

The weather pattern next week will be favorable for heavy rains in Korea and southern Japan. There will be showers and thunderstorms. There will also be heavy thunderstorms along the Yangtze River. Other areas of Asia will have seasonable weather.

Europe

	Today			Tomorrow		
	High C/F	Low C/F	Wx	High C/F	Low C/F	Wx
Algarve	25/79	17/62	s	27/80	17/62	s
Amsterdam	26/79	16/61	c	26/79	16/61	pc
Athens	31/88	18/64	s	31/88	20/68	s
Barcelona	28/82	17/62	s	30/86	21/70	s
Belgrade	29/84	16/61	s	28/82	18/64	pc
Berlin	27/80	15/59	c	23/73	14/57	pc
Brussels	26/79	14/57	pc	27/80	15/59	pc
Budapest	31/88	16/61	s	27/80	16/61	s
Copenhagen	25/77	14/57	sh	23/73	13/55	pc
Costa Del Sol	33/91	18/64	s	33/91	20/68	s
Dublin	19/66	12/53	pc	21/70	12/53	pc
Edinburgh	18/64	13/55	c	17/62	13/55	pc
Florence	29/84	17/62	s	32/89	19/66	s
Frankfurt	27/80	13/55	pc	24/75	15/59	pc
Geneva	23/73	14/57	pc	27/80	13/55	s
Helsinki	22/71	15/59	pc	22/71	12/53	pc
Las Palmas	26/79	14/57	pc	27/80	18/64	pc
Leningrad	24/75	16/61	pc	23/73	13/55	pc
Lisbon	26/79	17/62	s	27/80	17/62	s
London	24/75	14/57	pc	24/75	13/55	pc
Madrid	32/89	16/61	s	33/91	17/62	s
Milan	31/88	17/62	s	33/91	17/62	s
Moscow	23/73	14/57	pc	24/75	14/57	pc
Munich	25/77	14/57	pc	26/79	13/55	s
Nice	27/80	18/64	s	32/89	20/68	s
Oslo	23/73	14/57	pc	21/70	13/55	c
Paris	26/79	14/57	pc	27/80	16/61	s
Prague	28/82	14/57	pc	25/77	14/57	s
Reykjavik	17/62	10/50	pc	14/57	8/46	pc
Rome	29/84	19/66	s	32/89	20/68	s
Stockholm	27/80	14/57	pc	23/73	13/55	sh
Strasbourg	24/75	14/57	pc	26/79	16/61	s
Venice	29/84	17/62	s	32/89	19/66	s
Vienna	29/84	14/57	s	27/80	16/61	s
Warsaw	29/84	15/59	pc	25/77	15/59	pc
Zurich	26/79	14/57	pc	27/80	14/57	s

Middle East

	Today			Tomorrow		
Ankara	27/80	15/59	sh	27/80	15/59	pc
Beirut	29/84	17/62	pc	29/84	18/64	s
Cairo	32/89	19/66	s	33/91	19/66	s
Damascus	32/89	17/62	s	32/89	17/62	s
Istanbul	26/79	16/61	pc	26/79	14/57	pc
Jerusalem	31/88	17/62	s	31/88	17/62	s
Riyadh	43/109	25/77	s	43/109	25/77	s

Oceania

	Today			Tomorrow		
Auckland	12/53	6/43	c	12/53	4/39	pc
Sydney	17/62	10/50	c	16/61	9/48	c

Asia

	Today			Tomorrow		
	High C/F	Low C/F	Wx	High C/F	Low C/F	Wx
Bangkok	34/93	25/77	pc	33/91	24/75	pc
Beijing	27/80	20/68	sh	29/84	22/71	pc
Hong Kong	33/91	26/79	pc	34/93	26/79	pc
Manila	34/93	23/73	pc	34/93	23/73	pc
New Delhi	41/106	28/82	s	41/106	28/82	s
Seoul	27/80	20/68	sh	29/84	22/71	pc
Shanghai	31/88	23/73	pc	29/84	21/70	pc
Singapore	32/89	26/79	pc	33/91	24/75	pc
Taipei	36/97	24/75	s	34/93	24/75	s
Tokyo	27/80	23/73	sh	30/86	23/73	pc

Africa

	Today			Tomorrow		
Algiers	25/77	20/68	pc	32/89	19/66	pc
Cape Town	17/62	8/46	pc	16/61	7/44	sh
Casablanca	33/91	18/64	s	32/89	19/66	s
Harare	22/71	10/50	s	21/70	9/48	s
Lagos	29/84	26/79	t	31/88	24/75	pc
Nairobi	23/73	13/55	pc	24/75	13/55	pc
Tunis	34/93	23/73	pc	33/91	22/71	s

Latin America

	Today			Tomorrow		
Buenos Aires	14/57	11/52	sh	17/62	9/48	c
Caracas	31/88	24/75	pc	31/88	24/75	pc
Lima	20/68	12/53	pc	19/66	11/52	pc
Mexico City	23/73	16/61	sh	23/73	16/61	pc
Rio de Janeiro	24/75	18/64	pc	24/75	18/64	pc

North America

	Today			Tomorrow		
Anchorage	19/66	12/53	pc	17/62	10/50	c
Atlanta	32/89	22/71	t	32/89	23/73	pc
Boston	34/93	22/71	t	32/89	20/68	pc
Chicago	28/82	16/61	s	28/82	19/66	s
Denver	31/88	16/61	t	32/89	16/61	pc
Detroit	29/84	16/61	t	27/80	17/62	s
Honolulu	32/89	23/73	pc	32/89	23/73	pc
Houston	33/91	23/73	t	34/93	24/75	pc
Los Angeles	32/89	18/64	pc	32/89	16/61	pc
Miami	33/91	26/79	t	33/91	26/79	pc
Minneapolis	25/77	15/59	s	26/79	17/62	pc
Montreal	29/84	16/61	t	26/79	12/53	pc
Nassau	32/89	24/75	pc	33/91	23/73	pc
New York	34/93	24/75	t	32/89	22/71	s
Phoenix	41/106	28/82	pc	39/102	29/84	pc
San Fran.	22/71	13/55	pc	22/71	12/53	pc
Seattle	26/79	13/55	pc	23/73	13/55	pc
Toronto	28/82	19/66	pc	28/82	18/64	pc
Washington	37/98	25/77	t	33/91	23/73	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice.

All maps, forecasts and data by Accu-Weather, Inc.©1991

Meese Calls Inquiry On Hostage Release Congress's 'Frolic'

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Edwin Meese 3d, who was the top political adviser to Ronald Reagan, said Sunday that Congress had no authority to investigate whether Reagan campaign aides had sought to delay the release of American hostages in Iran in 1980, and he dismissed related allegations as politically motivated fraud.

"There's no independent constitutional authority for Congress to go off on investigatory frolics of its own," Mr. Meese, attorney general under Mr. Reagan, said in a CBS News broadcast interview.

He denied that anyone connected to Mr. Reagan's presidential campaign had fashioned an arms deal to keep the hostages inside Iran in order to embarrass President Jimmy Carter, Mr. Reagan's political opponent in 1980.

"At no time did anyone in the campaign, connected with the campaign, associated with the campaign, meet or negotiate or agree or conspire with anyone to delay the release of the hostages," he declared.

Mr. Meese, as Mr. Reagan's campaign chief of staff and later White House chief of staff, said he would have been aware of any foreign trips made by Mr. Reagan's top aides.

According to various reports, some contradictory, Mr. Reagan's campaign director, William J. Casey, who later became director of central intelligence, met with Iranians during the fall of 1980 in Paris and Madrid to strike a deal that would keep 52 American hostages under Iranian control until after the 1980 election.

In return, arms shipments would be made to Iran, via Israel, after Mr. Reagan took office.

It is known that Mr. Casey feared that the release of the hostages just before the election would carry Mr. Carter to victory. Mr. Reagan overwhelmingly defeated Mr. Carter. The hostages were released minutes after Mr. Reagan took office.

Mr. Casey, who died in 1987, made one trip abroad during the period in question, Mr. Meese said Sunday, and that was to London for a long-scheduled conference on World War II.

New interest in the hostage question arose this spring after Gary Sick, once a national security aide to Mr. Carter, wrote an article citing circumstantial evidence that suggests such a deal.

Abol-Hassan Banisadr, who was president of Iran when the hostages were being held, has supported Mr. Sick, without any evidence.

Congress, which is controlled by Democrats, is expected to begin an inquiry later this year, although not until after hearings on whether to confirm Robert M. Gates as the new CIA director. Mr. Gates was Mr. Casey's deputy at the CIA.

Eight of the former hostages have called for such an inquiry.

Mr. Meese said any congressional investigation was likely to "degenerate into a political circus."

Representative Lee Hamilton of Indiana, a Democratic member of the House Foreign Affairs Committee, questioned Mr. Meese's assertion about the investigative authority of Congress.

Appearing on the CBS broadcast, Mr. Hamilton said a bipartisan, "low-visibility" study of all documents related to the hostages had to go forward to determine whether there had been "a fundamental abuse of our constitutional processes." It is against U.S. law for private citizens to attempt to affect U.S. foreign policy abroad.

Mr. Meese said the Democrats were seeking political gain.

"There's absolutely no truth to this very fraudulent series of accusations," he said.

"It's simply that they're trying to drum something up to excuse the terrible defeat of Mr. Carter in 1980," he added. "People with political agendas are trying to attack President Bush or former President Reagan."

Various Iranians and Israelis have contended that George Bush, then Mr. Reagan's vice presidential running mate, attended a meeting in Paris on the hostage deal. Mr. Bush has denied that he attended any such meeting.

Mr. Meese said he met with Mr. Casey regularly during the 1980 campaign and would have been aware of trips abroad.

Mr. Reagan has termed the story of a hostage deal "fiction," and he ordered a complete review of his campaign records to determine whether there were any documents related to the hostage situation.

Officials of the National Archives, which controls the documents, are conducting such a review.

According to Mr. Meese, Mr. Reagan sought in September 1980, during the presidential campaign, to gain release of the hostages by declaring that he would honor the results of any negotiations conducted by Mr. Carter.

AMERICAN TOPICS

GUNNING FOR CYCLERS — A police officer using a radar speed gun on a bicycle path in Huntington Beach, California. The limit is 5 mph if there are pedestrians, 10 mph otherwise.

Sequestering Juries: Benefit or a Waste?

New York State's court system is the only one in the United States that requires the sequestering of jurors during deliberations in every single criminal case, from the notorious to the downright dull, The New York Times notes.

Once the case goes to the jurors, they are subject to mandatory double-occupancy lodging in some of New York's less renowned hotels and undistinguished chicken dinners. The practice dates from the old English custom of locking up jurors without food or water until they produced a verdict.

Thanks to the rule, court officers make plenty of overtime. So far their union has been able to fight off proposals to do away with mandatory sequestration. The cost of isolating juries is estimated at $2,710 a night for any one jury, or $4 million a year, since several juries may be sequestered simultaneously.

G. Thomas Munsterman, director of the Center for Jury Studies of the National Center for State Courts in Williamsburg, Virginia, says other states and the federal courts leave sequestering a jury to the discretion of the judge, who may decide it is necessary — to ensure the safety of the jurors or to shield them from the glare of excessive publicity. He said other jurisdictions do not have any increased incidence of mistrials because of jury tampering.

About People

The much-decorated **Joseph Verner Reed**, White House chief of protocol, will fulfill a long-expressed wish by leaving his post in October to return to New York. A Bush administration spokesman said Mr. Reed was likely to be appointed as a U.S. delegate to the next UN General Assembly. Mr. Reed, 53, was awarded most of his 18 medals as U.S. chief delegate to the United Nations and UN undersecretary-general.

One of the New York City employees laid off in the current economy wave is a former president of Uganda, **Godfrey L. Binaisa**. He was the East African republic's chief executive in 1979-80, after the fall of the dictator Idi Amin, but was deposed in a coup d'etat. Granted political asylum in the United States and admitted to the New York Bar without taking the exam, he had been working as a city attorney for $60,000 a year. On losing his job, he remarked of Mayor David N. Dinkins, "I wouldn't appoint this mayor chief of an African village." He added with a laugh, "I've been toppled from power so many times."

Short Takes

In a University of Chicago survey, 1,500 people were asked, "Do you pray?" Seventy-eight percent said they pray at least once a week and 57 percent said they pray every day. Only 1 percent said they never pray. The Reverend Andrew M. Greeley, the liberal Roman Catholic theologian who ran the poll, noted that other surveys have found that 8 percent of Americans profess no religion, so this survey indicates that even atheists and agnostics pray. He wondered, "Do they address their prayers 'To Whom It May Concern'?"

Pity the poor rich — at least those whose inherited money is tied up in trusts for generations. Standish H. Smith of the Philadelphia Main Line suburb of Wayne, has organized an advocacy group called Heirs, whose 150 members are campaigning to get banks to release unhappy trust customers. "This is a crusade," said Mr. Smith, who has $5.2 million in his wife's trust to worry about. Graphs at a recent Heirs meeting showed that skyrocketing bank fees now eat up $20,000 of the $120,000 annual income from a typical $3 million trust fund.

What did the Gulf war accomplish? The Washington Post reporter Henry Allen writes that among a lot of other things, "For just a moment, the war shut up the liberals who have been woe-saying for so long about redneck macho Bible-thumping McCarthyite parochial hick flag-waving racist greed-head potbellied meat-eating gun-toting homophobic phallocentric patriarchal imperialist polyester American incompetence. Not to mention the conservatives who woe-said about flabby liberal international relativist bureaucratic pinstriped cookie-pushing subversive family-baiting tax-and-spend politically correct American incompetence."

Arthur Higbee

Howard Nemerov Dies, Was U.S. Poet Laureate

By Eric Pace
New York Times Service

Howard Nemerov, 71, winner of the Pulitzer Prize and former poet laureate of the United States, died of cancer Friday at his home in a St. Louis suburb.

Mr. Nemerov taught at Washington University in St. Louis from 1969 to 1990.

He was a relatively conservative, formalist poet, to whom rhyme and meter were important. Other poets said the strengths of his poems included clarity, wisdom, irony and an ability to handle the contemporary world in formal verse.

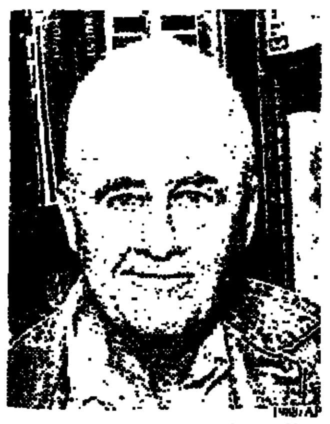
Mr. Nemerov was also a novelist, essayist and critic. His 1977 book, "The Collected Poems of Howard Nemerov," won him the Pulitzer Prize and also the National Book Award.

Reviewing that work in The New York Times Book Review, Helen Vendler of Boston University said, "A hopeless hope is the most attractive quality in his poems, which slowly turn obverse to reverse, seeing the permanence of change, the vices of virtue, and the errors of truth."

Mr. Nemerov was poet laureate from 1988 to 1990. He was named to that prestigious and salaried — but largely honorary — post by the librarian of Congress, James H. Billington, who said Mr. Nemerov had "given America a remarkable range of poetry from profound to the poignant to the comic."

He was the third holder of the job, which was created by Congress in 1985.

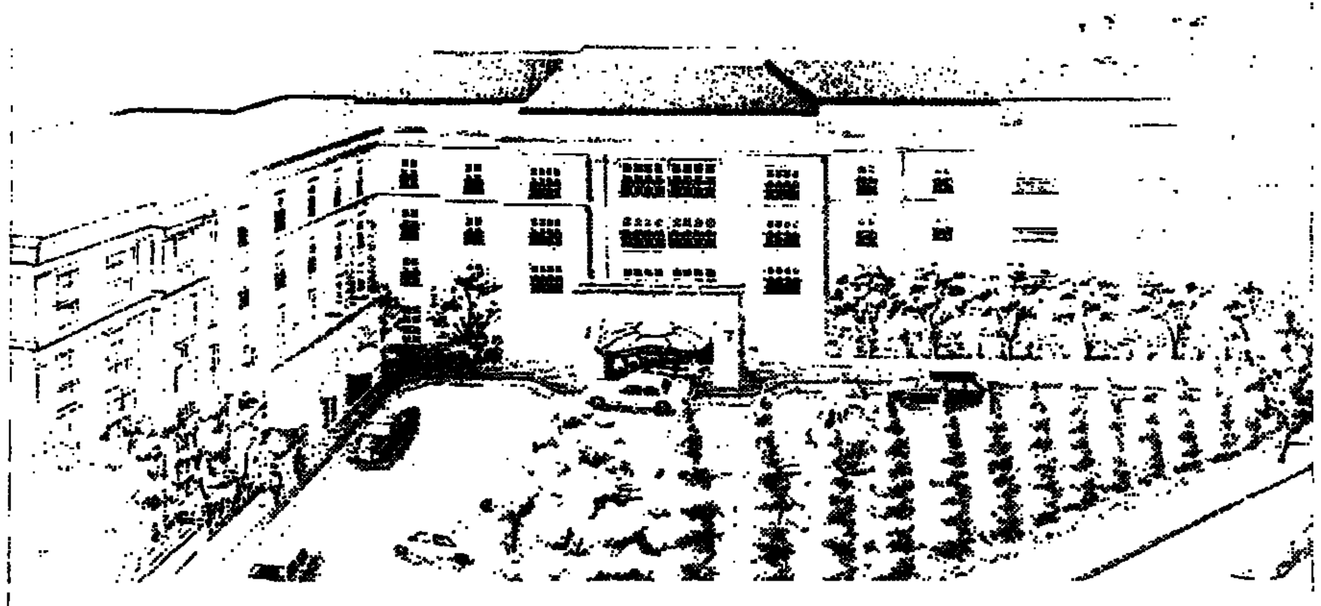
He followed Robert Penn Warren and Richard Wilbur, and his successors have been Mark Strand and Joseph Brodsky, who was named in May.



1988/AP

Mr. Nemerov was a formalist, adhering to rhyme and meter.

There is much to be said for a refined yet casual sense of style. But, with the completion of The Peninsula Beverly Hills, those who truly appreciate luxury of this dimension will never have to speak of it. SHARE THE EXPERIENCE



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SANCTIONS: *ANC Eases Stand*

(Continued from page 1)

tions. This was apparently a reference to the idea of lifting punitive economic, financial and other measures in phases linked to successive stages in the negotiating process.

But Mr. Mandela never made the new policy clear, and, reflecting the heated debate within the organization, said the international community must continue to maintain and apply sanctions.

He praised the Danish legislature for blocking a decision by the European Community earlier this year to lift trade sanctions on South Africa. But he warned the conference that the Bush administration would be "forced" by the 1986 anti-apartheid act to lift the sanctions "once all the apartheid laws are off the statute books."

Before the end of this month, President George Bush is expected to announce the end of most U.S. sanctions, and Mr. Mandela has been told as much by Washington. He praised Mr. Bush for consulting with the ANC before taking action.

In an indication of the conference's confusion about sanctions, no resolution on the issue was made available, and ANC officials said discussions were still continuing.

Meanwhile, the most democratic leadership elections that the ANC has held for more than three decades showed strong support for Communist Party militants. Out of the 56 members elected over the last two days, at least 26 and possibly more than 30 are known, or believed, to be Communists.

The Communist Party has disclosed many of its leaders and membership since the government of Frederik W. de Klerk legalized it, together with the ANC, in February 1990. Determining precisely who is a Communist is made more difficult because some senior ANC officials who were once Communists have secretly dropped out of the party.

Nonetheless, of the 14 individuals who polled the most votes in the elections, eight are well-known Communists. Chris Hani, the ANC military wing's chief of staff and a senior party official, won the most votes while Joe Slovo, Communist Party secretary-general, came in third.

Thabo Mbeki, head of the ANC's international department and widely regarded as Mr. Hani's chief rival to lead any post-Mandela ANC, came in second, with 1,824 votes to Mr. Hani's 1,858.

IRAQ:
Assertive Saddam

(Continued from page 1)

mat added, "'Why do they take military action against Iraq for every single issue, and not against Israel, which is also not complying with United Nations resolutions?' It would become very clear that the United States is only targeting Iraq and its allies."

Mr. Saddam promised the United Nations on Friday that he would permit UN inspectors "prompt and unimpeded access" to locations designated for inspection.

A UN nuclear inspection team, which arrived in Iraq on Saturday, began Sunday to follow up on the offer and investigate ways to destroy previously located Iraqi nuclear materials. The team will also ask to inspect equipment believed to be used in the manufacture of weapons-grade uranium.

This is the same equipment to which a senior UN delegation was refused access after a team of UN nuclear inspectors filmed it on June 28. The equipment was seen and filmed as it was being driven in open trucks on a public highway in an apparent attempt to hide it, UN officials have said.

During a visit Saturday to northern Iraq, Representative Stephen J. Solarz, Democrat of New York, said that "if Saddam refuses to comply with his obligations, the cease-fire should be considered null and void," Reuters reported.

Mr. Solarz warned that if Iraq again failed to comply, "we will have no alternative but to resume the use of force."

Serbs a Threat, Albania Warns

Reuters

VIENNA — Albania's new non-Communist government has accused neighboring Yugoslavia of planning genocide against its large Albanian minority.

Prime Minister Ylli Bufi's government expressed concern about the violence in Yugoslavia and said ethnic Albanians must be given more autonomy.

In a statement Saturday, the government said gangs of Serbs, Yugoslavia's dominant national group, were threatening Albanians in Kosovo, an autonomous province of Serbia.

Austrians Criticized

Yugoslavia "vigorously protested" what it called "gross interference" by Austria in its internal affairs, Tanjug reported reported from Belgrade, according to Agence France-Presse.

The Associated Press

Slovenes gathering Sunday in Ljubljana to demand their sons' release from federal military service.

YUGOSLAVS: *Croats and Serbs in 9-Hour Battle*

(Continued from page 1)

that scores of Serb fighters, with flowing long hair and beards reminiscent of royalist Chetnik guerrillas who fought the Germans in World War II, poured from trucks under cover of a smokescreen laid down by federal tanks.

More than 50 people have been reported killed in Serb-Croat clashes in Croatia since early May.

Serbs, who make up about 11 percent of Croatia's 5 million people, were victimized by the tens of thousands by Croatia's Nazi-installed regime during World War II, and many now say they fear renewed persecution in Croatia, which declared its independence June 25.

As tensions rose Saturday, the Serbian president, Slobodan Milosevic, who has threatened to annex parts of an independent Croatia that have a Serb majority, told his people to be prepared for war.

Tanjug and Belgrade radio said the army became embroiled after it tried to set up a buffer zone at Tenje.

Tanjug said that Croatian militiamen and national guardsmen shot at army armored personnel carriers and that both sides then began firing with artillery, machine guns and mortars.

But a Croatian Defense Ministry spokesman insisted that federal troops fired first.

"We think that there must be dozens of dead people," said Mate Salinovic, the deputy police chief at the nearby city of Osijek.

Editors at the Osijek newspaper Glas Slavone said Croatian defense forces fired artillery earlier Sunday at Serbian nationalists' positions in Tenje. The Croatian Defense Ministry said the Croats held their fire when the army moved in, but it said the Serbian nationalists again opened fire with mortars against the army positions.

The clash bore out warnings by leaders of Serbia and Croatia, the Balkan federation's biggest republics, that their peoples were on the verge of civil war.

Mr. Milosevic said Saturday that civil war had already begun and that Serbs should be ready to take up arms.

Croatian leaders said the fighting would be fiercer than the clashes last weke between Slovenian militia and the federal army.

"Slovenia is a Disneyland compared with the conflict we would have here," said the Croatian information minister, Hrvoje Hitrec.

The so-called troika of Foreign Ministers Hans van den Broek of the Netherlands, João de Deus Pinheiro of Portugal and Jacques Poos of Luxembourg met throughout the day Sunday with President Stipe Mesic and Prime Minister Ante Markovic of Yugoslavia and leading officials from the six republics.

But the talks appeared not to have made headway, particularly on the issue of who should control Slovenia's borders.

The breakaway republic has refused to return control of its frontiers with Austria, Italy and Hungary to the federation during a three-month period in which it has agreed to suspend further moves to independence.

The Slovenian defense minister, Janez Jansa, said, "A compromise can be reached only if the 'troika' explains what guarantees can be made for the three-month period, who will recognize Slovenia afterwards and who will protect Slovenia from a coup." *(Reuters, AP, WP)*

In Slovenia, A Clash of Styles

Quiet President Plays Off a Flamboyant Defense Minister

By Chuck Sudetic
New York Times Service

LJUBLJANA, Yugoslavia — A well-groomed Communist Party leader gone renegade and a political prisoner gone establishment are the most visible leaders of Slovenia's march out of Yugoslavia.

Milan Kucan, the soft-spoken president, and Janez Jansa, its flamboyant defense minister, could not, in style at least, differ more.

The short, paunchy Mr. Kucan, 50, wears neat gray suits and speaks in well-crafted sentences.

The tall, baldish 33-year-old Mr. Jansa, who looks as if he spent a lot longer in jail than the several months he actually served, has hung up his flashy sportcoats for the camouflage uniform of the territorial defense force he oversees.

Mr. Kucan joined the Yugoslav Communist Party in 1958 while still in school. His father died fighting in Serbia as a member of Marshal Tito's Communist partisans in World War II.

A law graduate of the University of Ljubljana, he rose to become the head of Slovenia's Communists in 1986. He allowed the formation of an unofficial political opposition in the republic when Yugoslavia was a one-party Communist state.

"He's a very pragmatic politician," said Roman Brilej of the outspoken youth magazine Mladina. "There was a strong opposition in Slovenia in the late 1980s and he sensed the turnaround here and reacted to it."

It was on Mr. Kucan's watch that the Slovenian Communist Party made its break with the Yugoslav Communists in 1990.

The Slovenes spent years goading the conservative Communists in the south into accepting democratic changes.

Rebuffed once too often, the Slovenes walked out of a party congress after it refused to grant independence to the Communist parties in the six republics and rejected democratic pluralism.

Four months later, the popular Mr. Kucan became the first Communist in Eastern Europe to win a presidential election after the 1989 collapse of communism in the East.

Mr. Kucan said a year ago that he did not support a completely independent Slovenia but hoped for a resolution of Yugoslavia's constitutional crisis in a way that would keep Slovenia an integral part of the country.

Last week, as Yugoslav Army jets roared overhead, he delivered the keynote speech at the republic's first independence celebration.

"We now enter the family of free independent nations," Mr. Kucan said, hours before Yugoslav Army tanks moved into Slovenia.

"We cannot understand how this could disturb anyone. We threaten no one. There is no need for planes over our cities nor tanks on our streets. Force is shown by those who lack arguments and sober judgment."

The lanky, showy Mr. Jansa has to have felt deep satisfaction supervising the Slovenian military operation, which embarrassed the Yugoslav Army's limited attempt to assert control of the republic's borders and smother its independence.

Mr. Jansa has long been a foe of the country's military leaders and was tossed out of the Slovenian Communist Party in the early 1980s for publicly advocating separate armies for each republic.

In 1988, Mr. Jansa and three other Slovenes were tried by a military court for leaking state secrets when they obtained and tried to publish part of a contingency plan for a military takeover of Slovenia. Mr. Jansa was sentenced to 18 months in jail, but his trial galvanized Slovenes against the national army.

Supporters formed a "Free Jansa" committee and organized rallies protesting the closed-door trial of a civilian by a military court.

An effective organizer, a student of military strategy and a one-time consultant to the Yugoslav Army, Mr. Jansa became Slovenia's defense minister after a coalition of center-right political parties won the majority of seats in the republic's parliament.

Mr. Jansa, with his friend Igor Bavcar, the head of the republic's Internal Affairs Ministry, pieced together the plan to blockade the Yugoslav Army when it attacked Slovenia a week ago on June 27.

"We will offer resistance only when the balance of power is in our favor and the risk of human losses is low," he said at the outset of the fighting. "We will not give in."

REGIONS: *Nationalism and EC*

(Continued from page 1)

continues to cause havoc in its fight for Basque independence.

Catalonia also has a small band of separatist terrorists, and, in Galicia and the Canary Islands support for more self-government is growing.

In Britain, Scottish and Welsh nationalists have long demanded increased autonomy, but London's most intractable problem remains Northern Ireland, where the outlawed Irish Republican Army's fight to end British rule has brought a generation of factional violence.

Italy is held together by a complex coalition of parties, but regional pride and politics play a central role in day-to-day life. Last year, Italians were nonetheless taken aback by the strong electoral performance of the Milan-based League of Lombardy.

Belgium, in contrast, has eased the traditional hostility between its French-speaking Walloon inhabitants and the Flemish-speaking majority by granting both regions a high level of self-government.

CAPITALISTS: *Hustle, Hype and Bribes for Upwardly Mobile Soviets*

(Continued from page 1)

D. Sakharov are among those of the political figures who helped dismantle the old system, it is the Sterligovs of the Soviet Union — young millionaires in their 20s and early 30s — who are the first signs of the absolutely new. They are a half-visible generation of hustler-dissidents, ambitious and vain, free of ideology and "slave psychology." They are cynics and dreamers who are making fortunes in a country as wild and lawless as the America of the late-19th-century robber barons.

"Why should I pity the poor and the lazy?" Mr. Sterligov said. "Pity the sick and the weak, O.K., but if the rest want to live in poverty, God help them.

"Welcome to the future," said Yevgeni Gorodentsov, an Alisa broker who put together a brick deal in February that brought him 750,000 rubles in commissions. He is 21 years old.

So this is the brave new world of Moscow: The Alisa trading floor on Leninski Prospekt with its high-performance IBM knockoffs and speed-dial telephones; with its secretaries in spandex miniskirts; with its former night watchmen and government clerks who suddenly find themselves making hundreds of thousands of rubles a month in commissions by hooking up buyers and sellers of hammers and nails, bricks and mortar.

Mr. Sterligov is not a lonely baron. Earlier this month, the newspaper Tochka Zreniya reported that there were at least 150,000 ruble millionaires in the Soviet Union. "But look, a million rubles on the open market is $25,000. Is that really so much?" Mr. Sterligov said. "And I don't have a single free ruble. Everything is tied up in the business."

Mr. Sterligov's ambitions border on the wild, a mix of Thatcherian free-market zeal and P.T. Barnum myth-making. His latest scheme is to buy a huge tract of land (250 kilometers) 150 miles from Moscow and build a self-contained "mini-Western country," with airports and heliports, satellite dishes and a "Japanese TV for everyone." There will be factories and accredited schools and universities.

With all his millions, perhaps the singular feature of Mr. Sterligov's wealth is the envy, and the harassment, it attracts. Once a week, police inspectors show up at Alisa demanding to see his books. The KGB has dropped in, too. To avoid racketeers demanding protection money, Mr. Sterligov, his wife and their infant daughter move from apartment to apartment.

Andrei Mikhailov, one of the young barons of the Leningrad business world, described how he learned to get rich. In the early 1980s, he was the manager of a gym where local party officials held their feasts and drinking bouts.

Mr. Mikhailov's girlfriend was a talented seamstress, and, working at home, she earned extra rubles by making shirts for friends. But through his connections with a local textile factory manager and the district police chief, Mr. Mikhailov started a small underground clothes business. He bought cheap cloth and a few sewing machines and, defying the ban on privately hired labor, took on some new seamstresses. They made jeans and jackets and sewed on fake foreign labels, such as Levi's and Wrangler.

"We had a mini-Hong Kong going in the apartment," Mr. Mikhailov said. "We were selling the stuff on the black market and we were bringing in 15,000 rubles a month, a huge amount back then."

"It must seem crazy to you, just normal business. But for us, this was a serious crime against socialist principles and all that. But I guess we had the spark, and we weren't as afraid of the authorities as we had been. The only reason we didn't get five years in jail was because we sent flowers and cognac around to the necessary people and we were on good terms with the police chief. That was my Harvard school of business."

Now Mr. Mikhailov wears a suit and has set up a foreign trade consortium. For a commission, he connects local businesses with foreign traders. On Thursday nights, he and other local Leningrad businessmen rent a beer hall and a sauna and map out the future of capitalism in the "city of revolution." There are no more sewing machines in his apartment, and his clothes are foreign cut.

"Every month, every week, you see more of these guys around town," said Alex Kahn, a cultural critic in Leningrad. "My generation, in our late 30s and 40s worshipped the ideas and ideals that were forbidden to us. We looked to the poets and the bards. These guys are sick of all that. What they want most is a society that works."

If there is a hero of the young millionaires it is Artyom Tarasov, a high-tech and trading magnate in his 40s who has been a constant target of KGB and police harassment. Recently Mr. Tarasov suggested publicly that Mr. Gorbachev might sell the disputed Kuril Islands for billions of dollars. Infuriated, Mr. Gorbachev threatened to sue, and the KGB investigations increased. These days, Mr. Tarasov is on the French Riviera, fishing and waiting for the right moment to come home.

"I've been fascinated watching this generation — these young Tarasovs — and it's clear they love the game more than the money as an end in itself," said Vladimir Alexanyan, an émigré who runs an import-export business with offices in Palo Alto, California, and Moscow.

"They work 16, 18 hours a day. Their mentality is completely different from anyone I ever knew before I left 12 years ago. They speak foreign languages. They come to the States and they rent cars, move around. They are absolutely fearless. They talk about renting military transport planes from the army to fly over some product, and they don't even realize how mind-boggling this sounds to anyone over the age of 30."

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TOMORROW: The new corruption

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TOMORROW: The new compu

Unity Seen for Koreas

Broad Backing Is Cited by Roh

Compiled by Our Staff From Dispatches

SEOUL — President Roh Tae Woo returned Sunday from state visits to the United States and Canada, saying that reunification with North Korea would become a reality because both Moscow and Washington supported it.

"President Bush made it clear that Washington firmly supports our efforts to independently achieve unification and stands ready to provide all possible forms of help in realizing the dream of Korean unity," Mr. Roh said.

"Both the United States and the Soviet Union support Korean unification," he said. "The world is now dismantling the Cold War regime that caused the division of our land. Accordingly, our national goal of unification is now coming into sight."

Mr. Roh said that he and President George Bush had "vowed to counter together" any North Korean efforts to develop nuclear weapons, and had also agreed to make efforts to bring North Korea into the world as a responsible member of the international community.

According to reports in Seoul, Mr. Roh, while still in Vancouver, instructed aides to study a more receptive stance toward North Korea, telling them to accommodate such North Korean offers as cross-border pilgrimages to the highest mountains in the two Koreas and a South-North academic debate on the unification issue.

The papers quoted a presidential spokesman as saying that Mr. Roh told the officials to press for celebrations with North Korea marking 46th National Liberation Day on Aug. 15.

In a separate development, a South Korean Foreign Ministry spokesman said that China and the Soviet Union had given their support to the Koreas' joining the United Nations.

The spokesman quoted John R. Bolton, U.S. assistant secretary of state for international organization affairs, as saying he had been told by Chinese and Soviet officials that entry of the two Koreas into the United Nations should be "processed quietly and quickly."

Moscow and Beijing have been North Korea's closest allies, although the Soviets' establishing of relations with Seoul has had a cooling effect.

The Koreas, divided since 1945, are expected to apply for full UN membership in August. They have observer status.

(AFP, UPI, Reuters)

Thousands Again Flee Pinatubo

Compiled by Our Staff From Dispatches

MANILA — Mount Pinatubo exploded again Sunday, and Finance Secretary Jesus Estanislao said that the financial losses after almost a month of eruptions by the volcano in the northern Philippines had surpassed those caused by a powerful earthquake last year.

The volcano sent a plume of ash more than 15,000 meters (50,000 feet) into the air Sunday morning, and fresh showers of ash fell on nearby towns and villages.

Thousands of residents of Porac, a town at the foot of the volcano, began leaving their homes after local officials ordered a total evacuation because of the threat of avalanches.

Hundreds of fresh tremors shook nearby towns, with one being felt as far away as Manila, 100 kilometers (60 miles) to the south.

In a radio interview, Mr. Estanislao said that clean-up costs generated "by Mount Pinatubo are going to be greater than what we had to face up to in the earthquake."

He said damage to public infrastructure alone had exceeded 15 billion pesos ($535 million), compared with the 10 billion pesos caused by the 1990 quake, which killed more than 1,600 people.

The Philippines would have to borrow more money from donor countries and international aid organizations while putting up its own funds to finance recovery efforts, Mr. Estanislao said.

The funds will be used to repair bridges, schools and roads in the four provinces on Luzon Island hardest hit by Pinatubo, which had lain dormant for six centuries before erupting on June 9.

(Reuters, AFP)

'Fujishock' Tactics Slowly Reshape Peru's Economy but Violence Persists

By Nathaniel C. Nash

New York Times Service

LIMA — When Alberto Fujimori swept to an upset victory last year to become president of Peru, businessmen, politicians and diplomats wondered how this political novice, the son of Japanese immigrants, would go about fixing Peru's broken economy and torn social fabric.

Under his predecessor, Alan Garcia Pérez, inflation had run uncontrolled over a period of five years. Peru had become a financial outcast because of Mr. Garcia's refusal to pay interest on the nation's foreign debt. And the rising violence of subversive groups and drug traffickers was producing a seemingly endless death count.

Now, almost a year later, conditions do not seem to have improved. Vast shantytowns remain on the outskirts of Lima, as such slums do outside other big South American cities, and growing numbers of poor Peruvians try to survive by hawking wares on the streets of the capital.

Violence, both in Lima and in the countryside, continues to rise, and with it, gruesome tales of brutality by both the armed forces and revolutionary organizations.

Thirteen million Peruvians — well over half the population — live in extreme poverty, and 60,000 children are said to die each year before their first birthday from malnutrition and disease.

Yet Mr. Fujimori has made striking administrative and technocratic changes, action that some Peruvians contend is the long-term answer to the country's problems. The 52-year-old agronomist, in fits and starts, has produced one of the most sweeping economic austerity plans yet seen in Latin America, one aimed at ridding Peruvians of the idea that hyperinflation is normal and opening the economy to foreign investment and development.

"The fact that I was not a politician, the fact that I was not tied to any political interests was one of the most critical advantages I have had," Mr. Fujimori said in an interview in the presidential palace.

"I can do things no other politician can do. I can say to political interests that have had special state subsidies or advantages that I am cutting them off and there is nothing they can do about it."

Through deregulation of industry, lowering of import tariffs, changes in labor laws and plans to privatize state-owned enterprises, Mr. Fujimori has invited businessmen to look again at Peru.

Through higher taxes and a refusal to raise the salaries of government employees, he has not only created a monthly budget surplus but has begun paying part of Peru's debt. And through a refusal to let the country's central bank print new money, he has brought down an inflation estimated in the thousands of percentage points a year ago to about 150 percent.

"Peru was in a state of absolute collapse when Fujimori took over," said Gabriel Ferrer, director of the National Society of Industry, a trade group representing manufacturers. "The problems have not gone away, but they are getting better. I think considering what he started with, he has done a remarkably good job."

But the measures, known colloquially as "Fujishock," have come at considerable cost to the Peruvian people. The country is in a major recession. Unemployment and underemployment are said to exceed 90 percent.

And the president's refusal to raise the salaries of Peru's 2 million government employees — amid continuing, if reduced, inflation — has meant their incomes have fallen by almost 50 percent in the last year.

Other factors have contributed to the nation's hardship. A cholera epidemic has cost an estimated $400 million in exports and $60 million in tourist revenue. Terrorist attacks against power lines, roads and industry cost the government about $2 billion a year.

While Mr. Fujimori has made much of his new strategy to combat terrorism, arming the peasants and seeking to capture guerrilla leaders, few results have yet been seen. Terrorist experts say that this year, political killings will continue at last year's level of 3,400 — and possibly increase.

For two months, frustration has been spilling out into the street. Since early May, government teachers and nurses have been on strike for higher wages.

Symbols of Peru's educated middle class, they earn the equivalent of $40 a month.

Just after his election, Mr. Fujimori had an approval rating above 60 percent. Now, according to Apoyo, a polling firm, that rating has fallen to 38 percent, the lowest any modern Peruvian president has had after his first year.

"With Fujimori there is no work, no money, no jobs, so we are all out in the street," said Carlos Gonzales, who, along with his wife and three children, walk among stopped cars at a major intersection in the fashionable section of Miraflores, selling cigarettes, potato chips, little bottles of wine and plastic Ninja Turtle masks. "Sometimes you eat and sometimes you don't."

Those who know the president say he seems strangely unmoved by such problems. When warned that Peruvians are falling dangerously behind in purchasing power, he has told aides he was elected on a platform of "honesty, technology and work," and that the Peruvian people need to work harder.

Adversity Unmakes Appalachia's Traditional Life

By Peter T. Kilborn

New York Times Service

PAINT LICK, Kentucky — Five years ago, Katie Rollins left her kitchen and barnyard for a regular paying job, as a clerk in Uncle Tom's Grocery and Restaurant here in this small town 25 miles south of Lexington.

Her husband, Doug, used to work in a coffin factory, but it closed in 1984; he then lost a second job as a part-time handyman. Now, Mrs. Rollins says, he is too depressed to look for work.

The economic crunch came when Mrs. Rollins had a miscarriage late in pregnancy five years ago. "I got this bill for $1,700 for 11 hours in the hospital," she said. "We had no insurance. That's when I started making my own decisions."

Mrs. Rollins's story differs only in the details from those of many other Appalachian women. Pushed by their husbands' unemployment in the region's chronically ailing economy, by family health crises or by their children's leaving home, these women are abandoning the roles of their venerated mothers and grandmothers and joining the labor force.

Such shifts have been going on for two decades elsewhere in the nation, as paychecks have failed to keep up with inflation. But nowhere in the United States is the tradition of breadwinner-husband and homemaker-wife more entrenched than in Appalachia, and nowhere is it under more strain.

Jobs in the region's predominantly he-man economy of mining and logging have been giving way to automation and to diminishing supplies of coal and wood. This has been leaving a growing number of unemployed and broken-spirited men.

And the customary domain of women, the family farms that produce tobacco and corn for market and chicken and vegetables for the table, cannot fill the void of the husband's lost paycheck.

People who work with the women say most fear the humiliation of going on welfare; the loss of support when husbands die, become disabled or leave them for other women, or the tedium of the home when the children are grown.

When forced to choose between homemaking and survival, they opt for fewer children, jobs and, when pushed, divorce.

In Appalachia, unlike much of the rest of the nation, women are displacing men in the workplace as well as joining them.

Throughout Kentucky, according to a study covering 1979 to 1986, the number of working men fell about 1 percent while the number of working women grew 12.5 percent.

As men's jobs disappear, women take the new jobs that men spurn, mostly in hospitals and nursing homes, in stores, fast-food shops and government offices. Many of the women say their husbands sulk and turn hostile as they grow dependent on the wives' salaries.

At Uncle Tom's, Mrs. Rollins, 36, works a 40-hour week and earns $4.35 an hour, 10 cents more than the minimum wage. Occasionally, when she fills in for the Paint Lick postmistress, she earns $8.96 an hour.

She is also taking local extension courses from Eastern Kentucky University, about 10 miles (16 kilometers) north, so she can become a social worker.

"She's a whirlwind," said John Thomas Clark, manager of Uncle Tom's. "She can do, and will do."

Exhilarated by having proved herself on the job, Mrs. Rollins said, "Right now, I'm in the ballpark and I'm going to throw the ball."

Of her husband, she said: "I love him. I need him and he needs me. But we're growing apart. He's at a point where he's afraid."

Mr. Rollins, like most of the husbands of these working women, declined to be interviewed.

At Berea College, 20 minutes from Paint Lick, Jane B. Stephenson runs a tuition-free three-week program that has helped nearly 100 middle-aged women, among them Mrs. Rollins, make the transition from home to work.

She established the foundation-supported program four years ago after her husband, John, a sociologist, left the University of Kentucky in Lexington to become president of Berea.

"The big difference between these women and women in a city like Lexington is that women in Lexington seemed to know where to get help," Mrs. Stephenson said.

Once renowned for large families, Appalachian women still have more babies, and bear them at a younger age, than do other women, said Ron Crouch, director of the Kentucky State Data Center at the University of Louisville. But then they stop having them.

Zappa, Politico-Guitarist, Tests Presidential Waters

Washington Post Service

WASHINGTON — Frank Zappa, the 50-year-old rock and jazz composer and guitarist who runs voter registration tables at his concerts, says he has spoken with political consultants about running for president in 1992.

"We're just going to do a little feasibility study to see what it would take," Mr. Zappa told Spin magazine.

"The idea is that this is a zero-balloon campaign," he said of what he characterized as a low-key, low-budget operation.

Mr. Zappa, an independent who wants to replace the federal income tax with a national sales tax, acknowledged that his chances of winning were slim.

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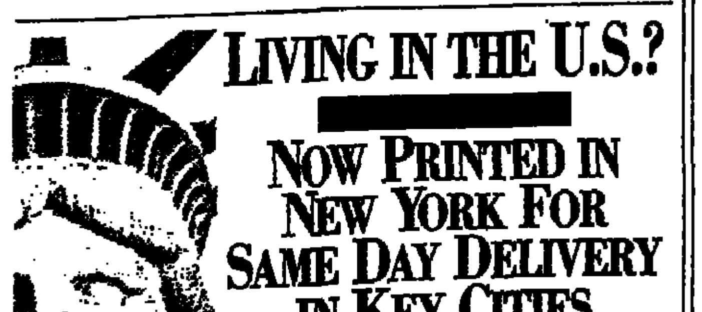

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OPINION

INTERNATIONAL Herald Tribune.
Published With The New York Times and The Washington Post

To Curb Chinese Arms

Despite pledges to curb sales of advanced arms, China now confirms it has begun delivering new missiles to Pakistan. And it is about to ship others to Syria. The news fuels congressional fervor to deny China trade privileges. A Democratic-sponsored bill would cancel China's most-favored-nation trade status for making such sales.

But economic sanctions have failed to restrain Chinese arms merchants in the past. A new strategy combining carrot and stick might be worth a try — provided the Bush administration is willing to curb its own arms sales.

In a depressing ritual, the United States gets assurances from China that it will not sell advanced arms and then learns that it has. The gap between word and deed stems from internal divisions in China. The assurances that arms will not be sold come from the Foreign and Defense ministries, as a timely article in International Security by John W. Lewis, Hua Di and Xue Litai at Stanford University's Center for International Security and Arms Control explains. But the sales are made by an army commission that has considerable autonomy and great inducement to sell as much as it can.

As China's leader, Deng Xiaoping, accelerated modernization in the 1980s, the commission became China's engine for technological development. It is as if the U.S. Army Corps of Engineers ran the Manhattan Project, NASA, the National Science Foundation and Silicon Valley combined.

At the same time Mr. Deng slashed the military budget. That led the commission to promote sales in order to raise revenues and import advanced technology. Administrators of its two main arms export firms, who stand to profit personally from sales, have family ties to China's leaders.

One of those firms signed a contract in 1988 to sell medium-range M-9 missiles to Syria and has received some proceeds, but has yet to deliver any missiles. And it sent "a very small number" of shorter-range M-11 missiles to Pakistan.

The deals can still be killed. But discriminating against Chinese trade with the United States might spur its arms sales. And sanctions, by denying contact and technology, come down hardest on the modernizers who back liberalization and opposed the Tiananmen crackdown. A threat of sanctions may be more effective than their actual imposition.

A different strategy is worth a try — cooperating with China in arms suppliers' groups while holding out a threat of trade sanctions by the United States, Japan and other nations that want missile sales curbed.

Beijing has now told Washington it may join the 16-nation Missile Technology Control Regime, which seeks to halt the spread of medium-range missiles. And the world's five leading arms suppliers, China included, will meet soon in Paris to draw up guidelines for Middle East arms sales. China can be pressed in these forums to curb its sales, but is not likely to comply unless the Bush administration shows some sales restraint too.

Congress could facilitate that by renewing most-favored-nation status for one year, requiring Mr. Bush to report within the year on China's arms sales practices and imposing its own temporary moratorium on U.S. sales by year's end if Mr. Bush fails to exercise restraint.

— THE NEW YORK TIMES.

Time to Finish START

After nine years of strategic arms reduction talks, the United States and the Soviet Union have nearly completed a 450-page draft treaty. That is half the length of "The Brothers Karamazov," which took Dostoyevsky two and a half years to write. But Dostoyevsky did not have to get Washington and Moscow to agree on every comma.

Three issues remain. None has much military consequence; all are politically nettlesome. But agreement can surely be reached in time for a treaty signing this month.

One point in contention is access to data from missile flight tests. These data are beamed to Earth in coded form to prevent eavesdropping. Broadly, the draft gives Washington what it long sought, a ban on coded transmissions. But the devil remains in the details, which are secret. The two sides have different means of transmitting data. Drafting more specific provisions to give each side equivalent access can be complicated. But it is not beyond the wit of experts.

A second unresolved issue is how many warheads may be removed or "downloaded" from existing missiles. Missiles are now armed with as many as 10 warheads. START usefully encourages a shift to missiles with fewer warheads. An expensive way to do that is to build new single-warhead missiles. A cheaper fix is to remove warheads from existing missiles. If the United States removed two of the three warheads from its Minuteman missiles, it could keep all 550 of the missiles, leaving more for the Soviets to worry about.

Both sides would also enhance stability if they reduced the warheads on their submarines. That would allow them to keep more subs and still meet the ceilings. The Soviets have done just that by reducing the number of warheads on all 224 of their sub-launched SS-N-18 missiles. They have replaced the seven-warhead front end of these missiles with a three-warhead model.

Still, hard-line critics, some of whom oppose the treaty, say the Soviets could reinstall the seven-warhead front ends. But U.S. satellites could easily detect Soviet efforts to retrofit lots of missiles. And even if the Soviets did restore the warheads, the numbers involved would not upset the military balance under a treaty that allows each side to retain 9,000 warheads.

That has not kept treaty critics from focusing on the risks of "uploading" instead of on the benefits of downloading. The more downloading allowed, they contend, the greater the threat that Moscow will upload later — catching America by surprise. To defuse that charge, Washington seeks to limit downloading to 1,000 warheads. Moscow favors a lower quota, but one that does not count the 896 SS-N-18 warheads they have already reduced.

The third issue is related. Another way to exceed the ceilings would be to modify an existing missile slightly, call it a "new type" and say it has fewer warheads — even though it could be uploaded. To bar that, the United States wants to define a new type as having, among other things, 30 percent less payload than its predecessor. Moscow says 15 percent.

These historic talks have come far. It would be folly not to split the few remaining differences.

— THE NEW YORK TIMES.

At Liberian Ringside

If the rival leaders of war-torn Liberia can reach a peace settlement, including the steps necessary for free and fair elections, as they agreed at a meeting June 30 in the Ivory Coast, then Liberia will have turned an important corner. That meeting, however, is taking on a significance that reaches beyond the hoped-for settlement of the country's 18-month-old civil war. Amos Sawyer, president of the Liberian interim government, hailed it as "a victory not only for Liberia, but also for Africa." That view was echoed by Charles Taylor, head of the contending National Patriotic Front.

What was achieved in the Ivory Coast marked a milestone in relations between Liberia and the community of nations with whom it must live. By design, the United States — Liberia's longtime patron — was standing on the sidelines. The peace conference came at the initiative of President Félix Houphouët-Boigny of the Ivory Coast, West Africa's senior statesman. He was joined by the presidents of Nigeria, Burkina Faso, Togo and Gambia.

The direct intervention of West African countries to bring about a cease-fire in Liberia in November, followed by the hosting of Sunday's meeting by a major Francophone African state, indicates Liberia's acceptance on the continent as something more than an unofficial American colony. That in turn could herald a major alteration in the special relationship between the United States and Liberia that has existed since the early 1800s, when freed American slaves, under the auspices of the American Colonization Society, formed the Commonwealth of Liberia. It is perhaps no surprise that a politically mature Liberia should seek stronger ties to the African continent. Washington encouraged it. But the change in U.S. policy is itself noteworthy.

The contrast between the direct and high-profile U.S. role in Ethiopia and southern Africa and the back-seat position assumed by the State Department during Liberia's crisis could not be sharper. The geopolitical connotations of the first two situations account for one part of the difference. U.S. wariness, and weariness, toward Liberia may account for a second part.

The failure of successive Americo-Liberian-led governments to empower indigenous Liberians politically and socially laid the groundwork for the bloody 1980 coup conducted by the late Samuel Doe. Serious malfeasance occurred during his rule under watchful American eyes, including the systematic 10-year looting of the nation's treasury. A great deal of American credibility, as well as money, was lost by backing a corrupt regime. But although the United States appears to have left the ring in Liberia, it still has a ringside seat.

— THE WASHINGTON POST.

Other Comment

A Victory for Hong Kong

While some celebrate the Hong Kong airport agreement as a victory for China and others berate Britain for having given in again to Beijing, the truth lies snugly in between, and it is a very good piece of news indeed: The victory is Hong Kong's.

Everybody agrees that Hong Kong needs a second airport. Britain made the airport proposal in October 1989. Beijing wanted a say in the implementation, hardly an unreasonable demand given that it would have to take responsibility for Hong Kong's financial health in 1997. A direct say for Beijing was unacceptable to those who argued that it would go against the 1984 Sino-British accord on Hong Kong. In any case, the point is this: Keeping China out of Hong Kong's affairs would have angered Beijing without reducing its power over the territory's destiny come 1997.

— The Straits Times (Singapore).

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Europe and Japan: An Agenda of Confusion

By Gerald Segal

LONDON — As the seven leading industrial nations prepare for their summit meeting here next week, they must realize that they are managing an unbalanced trilateral relationship. Since Japan is the only Far Eastern member of the Group of Seven, Asia might be forgiven for feeling that its interests are not fully represented. But a more important problem for the meeting is that the trilateral world economy, resting on the United States, the European Community and Japan, has a distinctly uncertain Euro-Japanese leg.

The intensity of rhetoric and of contacts between Europe and Japan have increased in recent months, especially since Edith Cresson, an outspoken critic of Japan, became prime minister of France. However, the root of confusion in EC-Japanese relations lies in the confused objectives of both sides in the post-Cold War era. The agenda is a messy mixture of economic and military issues.

The most obvious have concerned trade and investment links, especially in the context of transition to a single European market. On the positive side, the EC and Japan have established a top-level dialogue. The recent visit to Tokyo of Jacques Delors, president of the EC Commission, exemplified the more cooperative spirit.

There is also mounting evidence that economic ties between EC states and Japan are growing faster than those between Japan and either Asia or North America. In the year to May, Japanese exports to the EC increased by 19.4 percent, compared to a fall of 1 percent in Japanese exports to the United States. In the year to March, Japanese foreign direct investment fell 15.7 percent worldwide, but only 3.5 percent in Europe. Most startling is the fact that in this period, Japanese investment in Britain — 12 percent of total Japanese investment abroad for 1990-91 — was nearly the same as overall Japanese investment in Asia.

The expanding commercial role of Japan in the EC has highlighted differences between British and French views of the future shape of the Community. What is worrying is that Japanese investment, which is welcomed so warmly by Britain and Germany, is viewed by France and Italy as a threat. While Britain sees the post-1992 European Community as a genuinely open market, others in the Community seem to prefer a more regulated economy.

Neither the EC nor Japan knows how it wants to shape a new world order.

In the past, Japan has exploited divergences between EC members. To some extent, this strategy is still effective. But as preparations for 1992 lead to greater cross-ownership of corporations and an interlocking network of trade between all industrialized nations, it becomes less useful to talk of sovereign states in the context of EC-Japan relations.

The Soviet Union is the main security issue between the EC and Japan: As the Group of Seven considers how to provide assistance to the Soviet Union, Japan has lined up with Britain and the United States in expressing skepticism about the value of large-scale aid before major domestic reforms are in place.

But despite a series of informal seminars between Japanese and NATO officials on military matters, the unproductive meeting in Tokyo in April between Mikhail Gorbachev and Prime Minister Toshiki Kaifu — blocked largely by the continuing dispute over the Kurile Islands — demonstrates how far Japan remains from the standard of Western rapprochement with the Soviet Union.

Moreover, a Japan that continues to be unwilling to engage in arms control talks in Asia will carry little clout in a Europe seeking to shape more cooperative security structures with the Soviet Union and other erstwhile adversaries. A Japan that is reluctant to cooperate in production of defense equipment with Europe as much as it does with the United States also evokes little sympathy in the EC.

Japanese officials attempting to negotiate a joint statement of principles with the EC hope to complete their work before the G-7 meeting. Such a statement, after similar ones between the partners of the other two sides of the trilateral system — the United States and the EC, and Japan and the United States — would be further evidence that relations between the EC and Japan are maturing.

However, difficulties over security issues and uncertainties over trade and investment continue to show that neither the EC nor Japan really knows how it wants to shape a new world order, let alone the bilateral relationship. The stability of the trilateral world economy depends almost as much on sorting out these issues as it does on easing strains between the United States and Japan.

The writer is a research fellow at the Royal Institute of International Affairs and editor of the Pacific Review. He contributed this comment to the International Herald Tribune.

The Shadows Over the Mediterranean

By Giles Merritt

VALETTA, Malta — The European Community is playing power politics in the Mediterranean region. Not long ago, it made Israel one of those offers that is hard to refuse.

"Let the EC play an active role in the forthcoming Middle Eastern peace conference," Community foreign ministers suggested, "and Israel will be welcomed into the 'European Economic Area' free trade zone that is to link the whole of Western Europe."

The proposal reflects not just greater ambitions by the EC in the Mediterranean but greater unease. Despite its other problems, the Community is awakening to longer-term threats posed by the Mediterranean.

Along the southern and eastern coasts of the Mediterranean, a population explosion is eroding economic gains; industrialization has been slow; and capital flight has depressed investment. A bleak economic outlook raises the specter of serious unrest.

There is growing concern among EC governments that Europe could find its prosperity and stability threatened by mass migration, Muslim fundamentalism and political extremism.

The policies needed to avert worsening trouble in the Mediterranean have been the focus in Malta of a conference held by Aspen Institute Italia. Its president, Foreign Minister Gianni De Michelis of Italy, stressed that the security of the Mediterranean region does not lie in military standoffs but in economic cooperation. Such leverage, said a bone-weary Mr. De Michelis — he had just returned from a second EC peace mission to Yugoslavia — helped the three EC foreign ministers to secure a tenuous cease-fire there.

The European Community alone can draw the countries of Eastern Europe and the Mediterranean into a more positive economic system, and help the poorer countries on its periphery resolve economic difficulties.

For years the Mediterranean has languished, far down on the EC's priority list, deprived of aid and trade. The North African and Middle Eastern countries around the Mediterranean have lacked access to EC markets. Investment from EC countries has been little more than a trickle.

Since the Gulf war, however, the EC Commission has begun to urge increased market access for the Mediterranean countries — particularly the Arab states of the Maghreb — and a rise in financial aid to more than $1 billion a year.

Experts at the Aspen meeting argued that the EC measures would fall short of the Mediterranean countries' needs. Mr. De Michelis is still championing an earlier proposal for $15 billion a year, or 0.25 percent of the Community's gross domestic product, to be devoted to the Mediterranean.

Franco Reviglio, a former Italian finance minister, has suggested that this amount should be matched by the Arab oil-producing countries. He believes that a Mediterranean development bank should be set up to direct this $30 billion in annual spending toward infrastructural and industrial projects as well as toward underpinning market-oriented economic reforms and achieving full currency convertibility.

Translating such plans into action takes years, even when the political will to do so exists. In the case of the Mediterranean, there is little time and only doubtful political will. And the Arab-Israeli conflict continues to cast a shadow the length of the Mediterranean.

International Herald Tribune.

INTERNATIONAL AFFAIRS   DOMESTIC AFFAIRS

Secrets of Haranguing

By Leslie H. Gelb

NEW YORK — The other night my wife and I went to see "The Will Rogers Follies," a tedious Broadway musical about the great comedian's life. After the umpteenth playing of "Never Met a Man I Didn't Like," after the dog act and a leggy chorus line led by an unhappily bare-breasted young lady, Will's life came to the confluence of the Ziegfeld Follies and the Great Depression.

Will noted the irony and expressed abundant sympathy for the millions of unemployed and starving, before the chorus line reappeared. The plumpish woman sitting behind us took umbrage at the sermon.

"This is ridiculous," she harrumphed to all. "This talk has no business being in this play, etc., etc."

The power of the insight — that Americans do not want social preachments intruding on their determination to think they are having a good time — suggested that the harrumpher was a member of Congress or, more likely, a high-ranking official in the Bush administration. On reflection, we agreed that she could not be a Washingtonian. No Washingtonian would have responded to a harangue with a harrumphing harangue.

If Will had dared to speak of depressing things to a Washingtonian, the pros there would have neutralized him in no time. It's all technique.

Liberals harangue President George Bush about his nomination of Clarence Thomas to be a justice of the Supreme Court. They hint that Mr. Bush selected Judge Thomas because he was black and not because he was the best man. Under the Kennebunkport sun, Mr. Anti-Quota stared into the cameras and said: "I resent that." (And who wouldn't?)

The housing secretary, Jack Kemp, bothers the White House with ideas to combat poverty. He proposes to bypass the Washington bureaucracy with market incentives that do not require bundles of federal money. He, too, has been easy prey. The White House unsheathed its bureaucratic scalpel and said: "We'll study your idea, Jack." (A trifle intellectual, but fail-safe.)

Senator Jay Rockefeller harangues colleagues about 20 percent of America's children living in poverty and puts the repair bill at $50 billion yearly. From practiced lips flows a devastating riposte: "There's no money." (This technique can be used at home.)

Then come the pests who yammer that there is money. They argue that America does not have to spend almost $300 billion annually on the Pentagon when the Soviet Union is in shambles and smaller forces can readily defeat the next Saddam Hussein. Others chime in that $7 billion yearly might be excessive to build nuclear warheads when the United States is presently halving its nuclear stockpile. To these nags, the pros give the unkindest cut of all: Silence. (That nailed me, too.)

Then the let's-increase-taxes crowd resurfaces with its witches' brew of facts and logic. These tax hikers note that the industrialized world taxes gasoline at many times the American rate. They point to the fact that the tax burden in Germany and Japan is greater than in the United States, and that their economic growth far exceeds America's. The winning Bushian counterthrust, unencumbered by reason, lives for all to revere: "Read my lips." (The classic mingling of scholarship and sex.)

Vital morals can be learned here. First, harangues about foreign policy (like the Kurds) fare far better than domestic ones (like children). The foreign stuff, mostly words and an occasional war, is easier to understand. Domestic issues are too close to home.

Second, nobody likes negative haranguers and problem-mongers. Everybody knows problems are a New York fetish and cannot be solved anyway.

Third, if negative haranguing cannot be avoided, it has to embrace opponents tenderly as "baby killers" or "fat cats." Negative harangues laden with facts and complex arguments have no public place.

Fourth, the shorter the harangue the better.

Fending off legions of haranguers is hard, but that is what political responsibility is all about. So Washingtonians need their July 4th vacation. Perhaps some came to New York City and took in "The Will Rogers Follies."

And when Will interrupted the chorus line with his sentimentality about unemployed and needy Americans, Washingtonians surely disposed of him as they do all us haranguers. Final moral: Even astute haranguers can hope for little until the show is over.

The New York Times.

Translating Slow Growth Into Political Advantage

By Frank Levy and Richard J. Murnane

COLLEGE PARK, Maryland — The news media have begun to focus on America's standard of living. Recession news aside, these stories emphasize long-run income trends: the rising fraction of adult children who live with their parents, the yuppies' conversion into prudent spenders, the slow growth in income that apparently will extend beyond the recession's end.

Why are these stories coming out now? And how will these stories affect the 1992 election?

Their timing is explained more by demographics (the structure of family life) than by economics.

The root economic problem — the collapse of productivity growth and the stagnation of wages — began in 1973 and has been known for some time. But for the last 15 years the United States has undergone demographic adjustments that have kept living standards — per-capita income — rising in the face of stagnant wages.

Women went into the labor force in large numbers. When the biggest portion of baby-boomers entered the labor force in the 1970s they postponed marriage and childbearing. Per-capita income could rise, even though wages were stagnant, because the population contained more workers and fewer dependents.

The adjustments had their limits.

The participation of women 20 years of age and older in the labor force rose from 43 percent in 1970 to 59 percent today, but it now appears to be leveling off.

In 1980 children born at the peak of the baby boom were 24 years old. Many of them were happy to be singles supporting only themselves.

Today that same group is 34, an age when families and children are now-or-never propositions.

The recent rise in the birth rate suggests that now is winning over never — but the new baby means that the paychecks that fed two must now feed three and pay for child care.

As these changes in family structure reach their limits, the growth rate of per-capita income will slow down because wages have grown slowly.

These numbers show that the rapidly rising tide promised by President Ronald Reagan never came in. This situation leaves a political vacuum.

Because low productivity growth has no simple solutions it is unclear how the vacuum will be filled. Since the failure of supply-side tax policies, the Republicans have dealt with slow growth by avoiding the issue. They invoke a pure laissez-faire world in which the wisdom of the market is the only thing that counts.

The market is smart but not that smart, and pretending otherwise takes all national problems off the table.

In this laissez-faire world, America's low national savings rate, low investment rate and the low skills of its work force are all acts of nature, beyond the reach of government policy.

Instead of offering growth, Republicans now offer protection — from higher taxes, from quotas and other threats to the status quo.

Protecting what one has is a smaller vision than the rising tide. But it takes a vision to beat a vision, and the Democrats do not have one.

Twenty-five years ago the Democrats were the party of the rising tide, a status they achieved by solving a problem tailor-made for a strong government. In the 1960s productivity growth was strong. The problem was insufficient demand to purchase all that the economy could produce. The solution was the Kennedy-Johnson tax cuts in 1962 and 1964, a solution only Congress could implement.

Since the early '70s, demand has been sufficient, but productivity growth has been weak.

Unlike a federal tax cut, which one institution decides on, higher productivity comes from better decisions in thousands of factories, offices and schools. The Democrats have not captured the living standard issue because they have not figured out how a president can help improve these decisions.

A slogan of good jobs at good wages will not get votes unless there is a credible way to achieve them.

As a candidate in 1980, Ronald Reagan asked whether Americans were better off than they had been four years earlier.

In 1992, Americans will be asked whether they expect their children to live better than they do.

The candidate who can address this question convincingly will take a long step toward the White House.

Mr. Levy is a professor at the University of Maryland School of Public Affairs, and Mr. Murnane teaches at the Harvard Graduate School of Education; both men are economists. They contributed this view to The New York Times.

Mr. Frenkel Packs for Jerusalem

By Hobart Rowen

WASHINGTON — When Jacob Frenkel, 48, chief economist of the International Monetary Fund, called a family meeting to vote on whether to accept an offer to become governor of the Bank of Israel, his daughter Orli, 14, gave him a button that was emblazoned with the words: "GO FOR IT!"

He did: Mr. Frenkel will be sworn in Aug. 15 in Jerusalem, fulfilling an emotional commitment to fellow Israelis. It is a decision paralleling that of the House majority whip, William Gray, who is leaving his high-profile Washington job for what he considers the more significant role of helping educate fellow blacks.

Mr. Frenkel will have to adjust his focus from macro to micro — from global problems such as measuring the right amount of economic aid to the Soviet Union, to the more mundane, specific problems of a small country.

For Israel, it could be as big a change as it will be for the Frenkel family. If its political leaders take Mr. Frenkel and his free-market economics seriously, it could mean turning from what many label a socialist society toward privatization and free markets. Time will tell whether Mr. Frenkel, whose duties also include being chief economic adviser, can help bring about such an economic revolution.

"Why did I take the job?" Mr. Frenkel asked in a self-bemused way. In economic and practical terms, he concedes, his move is irrational. His Israeli take-home pay will be less than 20 percent of the $150,000 (tax-free) he gets at the IMF as director of research and economic counselor. His wife Niza (a full professor) must leave the National Institutes of Health. The education of Orli and her 12-year-old sister, Tahli, will be disrupted.

But as he and his wife see it, the Jewish state of their birth is at an economic crossroads. Not only is peace elusive, but Israel faces enormous economic problems in absorbing an estimated one million Soviet émigrés over the next five years.

The potential of the wave of Soviet immigration is staggering: 70 percent of the Soviet Jews coming to Israel have had 15 years of formal education. To devise a way of harnessing this bonanza of human capital, Mr. Frenkel says, is a challenge without parallel to an economist.

"It would be unthinkable if I did not lend a hand," he said.

When Prime Minister Yitzhak Shamir discussed the job with Mr. Frenkel in April, the Likud leader acknowledged that Israel's economic viability could hinge on how Israel handles the huge Russian influx.

The prime minister agreed, Mr. Frenkel said, that Israel would have to become more attractive to foreign investors. Mr. Frenkel believes that to meet the challenges of the '90s, Israel must privatize its economy and encourage investment from abroad.

"Normally, the Israelis are reluctant to appoint expatriates, so Frenkel's accomplishments must have looked impressive to them," Robert Lawrence of the Brookings Institution said. That also means, he added, that "Jacob is a good bureaucrat," inasmuch as he was able, while working in America for 20 years, to keep lines open to the Israeli power structure.

Clearly, Mr. Frenkel is seen in Jerusalem as a dedicated Israeli with important global connections. In his IMF role, Mr. Frenkel has been intimately involved with the movers and shakers of the Group of Seven major industrial countries. He will be the first Israeli central banker to be on close terms with his counterparts in the big countries. He will be expected to open doors that had been closed.

This may be a daunting task. But no one who knows him will sell Mr. Frenkel short. He arrived at the University of Chicago as a 25-year-old graduate student in 1968 with only "two suitcases and clothes," and moved on to a highly successful and productive academic career.

He has been at the IMF since 1987, when Jacques de Larosière, who was then IMF managing director, persuaded this vastly energetic man to leave his professorship at Chicago.

Fellow economists consider Mr. Frenkel to be a quintessential pragmatist, shunning ideological extremes in a search for policies that work. He believes that his success in his new role will depend on whether he is accepted as a sort of nonideological "expert doctor," whose diagnoses and prescriptions are followed by Israeli politicians.

What happens, he is asked, if things do not pan out as he hopes? "I'll leave," he smiles, "with my two suitcases and clothes."

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Slave Treaty Delay

BRUSSELS — The French Government has decided to accept the proposal to prolong the delay allowed for the ratification of the Anti-Slavery Treaty, which thus may still some day become an international law, if the French Chamber can be brought to alter its mind. The Congo Government is preparing a lengthy memorandum refuting the attacks made upon it by the American Colonel George Williams, in his report to the President of the United States, and his open letter to King Leopold.

1916: Japan-Russia Pact

PETROGRAD — A Russo-Japanese treaty of alliance has been signed in Petrograd by M. Sazonov and Baron Motono. The convention provides for combined efforts to maintain a permanent peace in the Far East. The first article contains a reciprocal engagement undertaking not to be party to any arrangement or political combination directed against the other party. The second provides that in the event of a menace toward the territorial rights or special interests in the Far East of one of the parties, Russia and Japan will take measures for the joint support or safeguarding of these rights and interests.

1941: Navy in Iceland

WASHINGTON — [From our New York edition:] The most important American military maneuver since the war started in Europe was revealed this afternoon [July 6] when President Roosevelt announced that forces of the United States Navy landed today in Iceland — which is well within the counter-blockade zone proclaimed by Germany — and would relieve the British of the task of guarding the strategic island in the North Atlantic. "Substantial" armed units have also been sent to Trinidad and British Guiana. These moves were to forestall any German pincer tactics against the Western Hemisphere.

MEXICO

FAST TRACK TO FREE TRADE

It's Adios to State Control In a Vibrant New Economy

Mexico's new stock-exchange building stands as a symbol of the country's revived confidence and prosperity. Towering above statues of Mexico's ancient Aztec warriors on the capital's central Reforma boulevard, the mirrored *Bolsa* reflects the vibrant new mood of a country finally emerging from decades of stifling state control.

Over the past five years, Mexico has undergone a remarkable transformation from one of the world's most protected economies to one of the world's most open. Increasing privatization, a booming stock market and the prospect of a free-trade agreement with the United States and Canada have created in Mexico the most favorable climate for investment in Latin America.

Shedding Third World image

Once considered the outcast of the international banking system — with foreign bankers making secret trips to persuade the Mexicans not to default on their country's huge foreign debt — Mexico is now the only Latin American contributor to the newly formed European Bank for Reconstruction and Development. It is a move calculated to help Mexico shed its Third World image.

This economic turnaround has its roots in the strategy adopted by former Mexican President Miguel de la Madrid in 1985, when he took Mexico into the General Agreement on Tariffs and Trade and opened the country's tightly sealed borders to international trade. Two years later, an anti-inflation plan known as the *Pacto* cut public spending, devalued the peso and introduced price and wage controls supported by both business and unions.

But it is the current president, Carlos Salinas de Gortari, to whom credit for the economic transformation is most often given. Described recently as being "as radical in his own way as the revolutionaries who galloped over Mexico at the beginning of the century with bandoliers across their chests," Mr. Salinas has, in the last two years, introduced reforms that amount to an almost complete dismantling of Mexico's centrally planned economy and an opening to world markets.

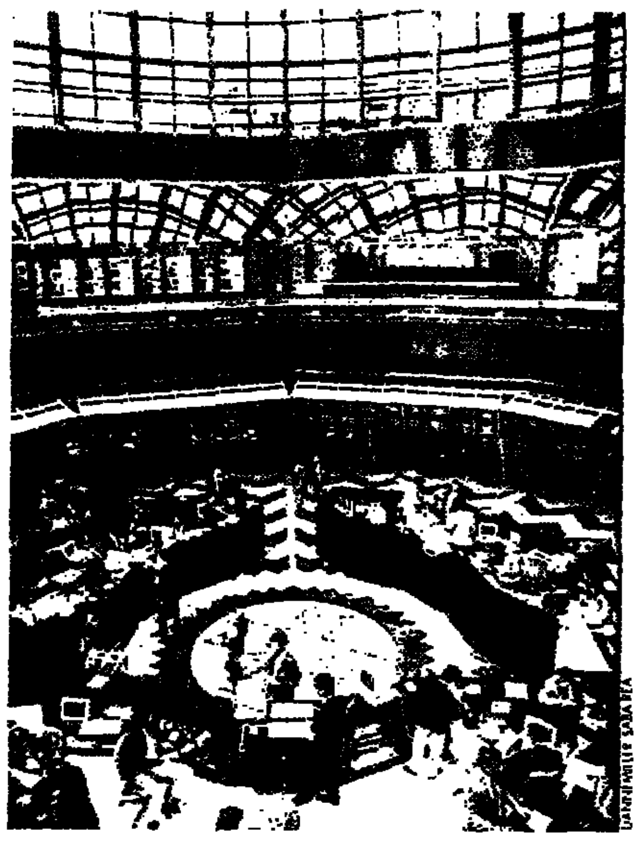
"Our response to worldwide change has been a resolute determination to diversify our relations and engage in a progressive strengthening of our links with new regional blocs," Mr. Salinas declared in his last State of the Nation report.

Mr. Salinas has set out to return business to private hands. In the past 18 months, the country's national airline has passed into the private sector; so too has Mexico's largest copper mine, Cananea, and 745 of 1,155 state companies. Earlier this year, the national telephone company was sold to a consortium of Mexican, U.S. and French interests. Meanwhile, 18 of the country's banking corporations are going up for sale.

As a result of a series of restructuring agreements with international banks, Mexico's crushing foreign debt has also been reduced in the past 18 months to a more manageable level. The debt went from $100 billion, over 70 percent of the country's gross domestic product at the height of the country's debt crisis in 1986, to $80 billion, or around 35 percent of the GDP today.

Also over the past year

Continued on Page 9



DANIEL MILLER SABA

DEUTSCHE PRESSE AGENTUR

Making liberalization work. The sale of 18 state-owned banks on the stock exchange (left) is expected to net up to $8 billion, and though President Carlos Salinas de Gortari is working hard to develop a free-trade agreement with the U.S. and Canada, he is simultaneously pressing for increased ties with his European partners (above, with Chancellor Helmut Kohl last week).

■ ■ ■

Great Expectations for Privatized Banking Sector

As privatization takes off in Mexico, banking fever has gripped the country.

Three small regional banks sold to date have commanded stunning prices of up to 3.4 times the book value, double the offer predicted by financial analysts.

Suddenly, the Mexican government is looking at the real possibility that the nation's banks, expropriated in 1982 for a payment of $1 million, will net $6 billion to $8 billion in revenue by the time the sale of 18 banks is completed early next year.

The financial sector is expected to become increasingly competitive as the new financial groups become rivals in offering universal banking services to meet rapidly expanding credit demands. Private investors expect the economy to experience rapid growth over the next five years, with inflation rates of under 20 percent and little risk of devaluation of the Mexican peso.

"The reason people are paying so much for the banks is that they see growth for the next five years," says Jacques Levy, executive vice president of Acciones y Valores, a leading brokerage firm in Mexico. "This is a one-time opportunity. What do brokerage firms do to continue to grow? The bank privatization comes exactly at the right moment."

Brokerage firms with cash are taking advantage of the Mexican government's desire to divest. During the past decade, brokerage firms made handsome profits off high interest rates on government notes as well as the stock-market boom of 1987 and the more recent one that began in mid-1990.

The cash flow to the private financial sector has coincided with the government's decision to reverse a decade of increasing state ownership of the economy by liberalizing, privatizing and deregulat-

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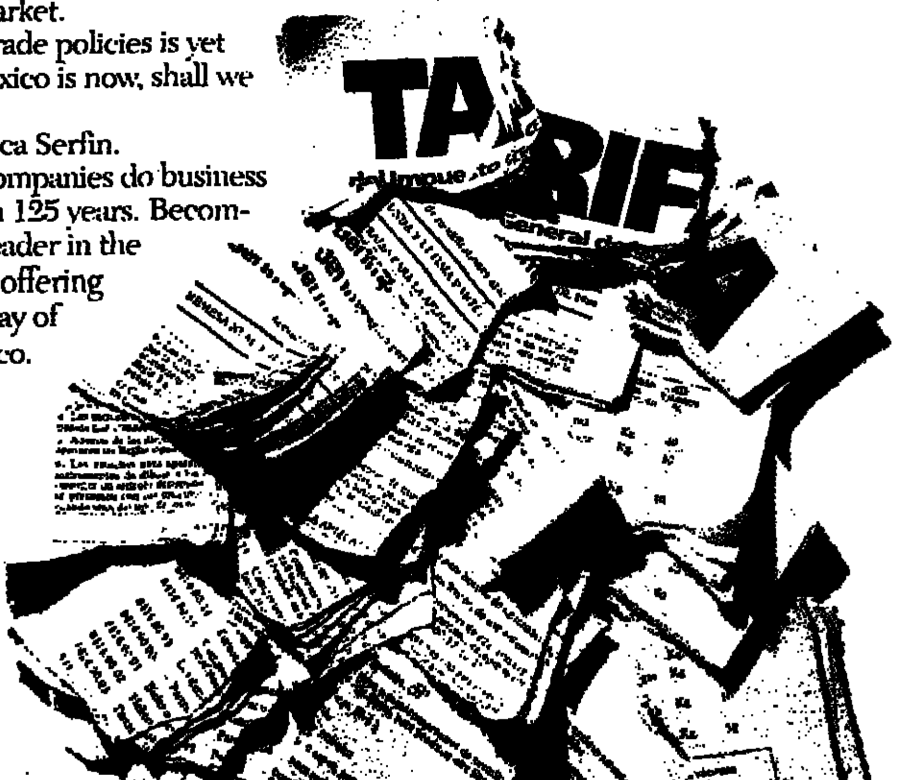

The Beginning Of Mexico's New Foreign Trade Policy.

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Mexico is tearing up its tariffs. And tearing down the barriers to trade.

Which means greater opportunities for you.

Suppose, for example, you seek access to the burgeoning Mexican market. Now your products can compete fairly with local goods. And should you own a subsidiary in Mexico, you can import components more cheaply than before. Thus making your manufactured items more competitive on the world market.

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We've helped foreign companies do business in our country for more than 125 years. Becoming Mexico's trade finance leader in the process. As well as the bank offering the most comprehensive array of financial services in all Mexico.

If you'd like to learn how Mexico's new foreign trade policy can work to your advantage, talk with Banca Serfin.

And let the gains begin.

WHICH MEXICAN BANK SHAPES THE OPPORTUNITIES FOR TRADE?

Banco Nacional de México, known as Banamex, is at the cutting edge of trade promotion and financing.

The International Trade Division links the Mexican economy with the international business community through an advanced electronic database of information. The Export Financing Division is the leader in the financing of all of Mexico's non-petroleum exports.

Immediate payments for capital goods imports are arranged through credits to the Mexican buyer by the Import Financing Division. Eurocom is the only trading company that is a wholly-owned subsidiary of a Mexican bank. Euromex, another subsidiary, is the market-maker in the international dollar/peso/dollar exchange market.

Linking the international business communities with the competitive advantages of Mexico is the shape of things to come. And it is the business of Banamex, Mexico's largest bank.

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Free-Trade Proposal Gathers Momentum

The creation of a North American common market stretching from the Yukon to the Yucatán has captured the imagination of executives, politicians and consumers on both sides of the 2,000-mile border that separates Mexico and its northern neighbor, the United States.

Since Mexican President Carlos Salinas de Gortari first proposed the elimination of protectionist trade barriers between the United States and Mexico last year, the idea has taken hold.

Draft agreement possible by late '92

The proposed free-trade agreement between Mexico, the United States and Canada would create the largest trading bloc in the world, with a market encompassing 360 million consumers, a total trade of $225 billion and $6 trillion in economic output.

The Mexican government is quick to point out, however, that its vision is not to create a Fortress North America. Rather, its intention is to apply the principles of freedom and competition as part of an evolving new world economic order.

"After years of gloom and frustration, there is a new perception in Mexico," says Soledad Loaeza, director of the Center for International Studies at Mexico City's prestigious Colègio de Mexico. "We have awoken from the dark years. We are opening up now to the world economy."

Decades of protectionism by Mexico have, over the past five years, steadily been replaced by greatly liberalized tariffs and nontariff barriers. This has already enabled Mexico and the United States to triple their two-way trade to more than $55 billion last year.

The proposed free-trade agreement is not simply about openness to trade, however. It is also intended to attract much-needed foreign capital to Mexico. Relaxed rules on foreign investment have already doubled the amount of capital invested, from $2.4 billion in 1989 to $4.7 billion last year.

The long-term implications of the agreement for Mexico, it is hoped, would be to help change the country's industrial structure. Some of Mexico's biggest industries are capital-intensive. Yet in a country with limited capital but plentiful cheap labor — a minimum wage of just $4 a day — this makes little economic sense.

President Salinas is adamant, however, that the free-trade agreement should not simply transform Mexico into a source of cheap labor. Widespread reforms of deregulation, privatization and tax reform are therefore being introduced in an effort to modernize the country's economy.

A recent study by KPMG Peat Marwick, the U.S. accounting and economic forecasting firm, predicted that the agreement would prompt a surge in industrial output and employment in Mexico, particularly in the areas of car assembly, low-tech manufacturing and building supplies.

Expected to profit north of the border are the U.S. banking, electronics, machinery and steel industries — all needed to help rebuild Mexico's worn-out infrastructure. They would also gain access to a population projected to swell to 100 million by the year 2000.

Resistance to the plan does exist on both sides of the border. The Mexicans insist that their oil industry — to which the United States is keen to have access — should remain in state hands. Nonetheless, agreements have recently been reached to open up secondary oil products to foreign investment.

The Mexicans are also fearful of outside interference in their internal political affairs. U.S. pressure groups have already started using the prospect of a free-trade pact to lobby for improved human rights and more democratic government in Mexico. "The Mexican government does not want to lose any autonomy in decision-making," says Enrique Alduncin, counselor for economic affairs at Mexico's London embassy. "The FTA is an economic, not a political, agreement."

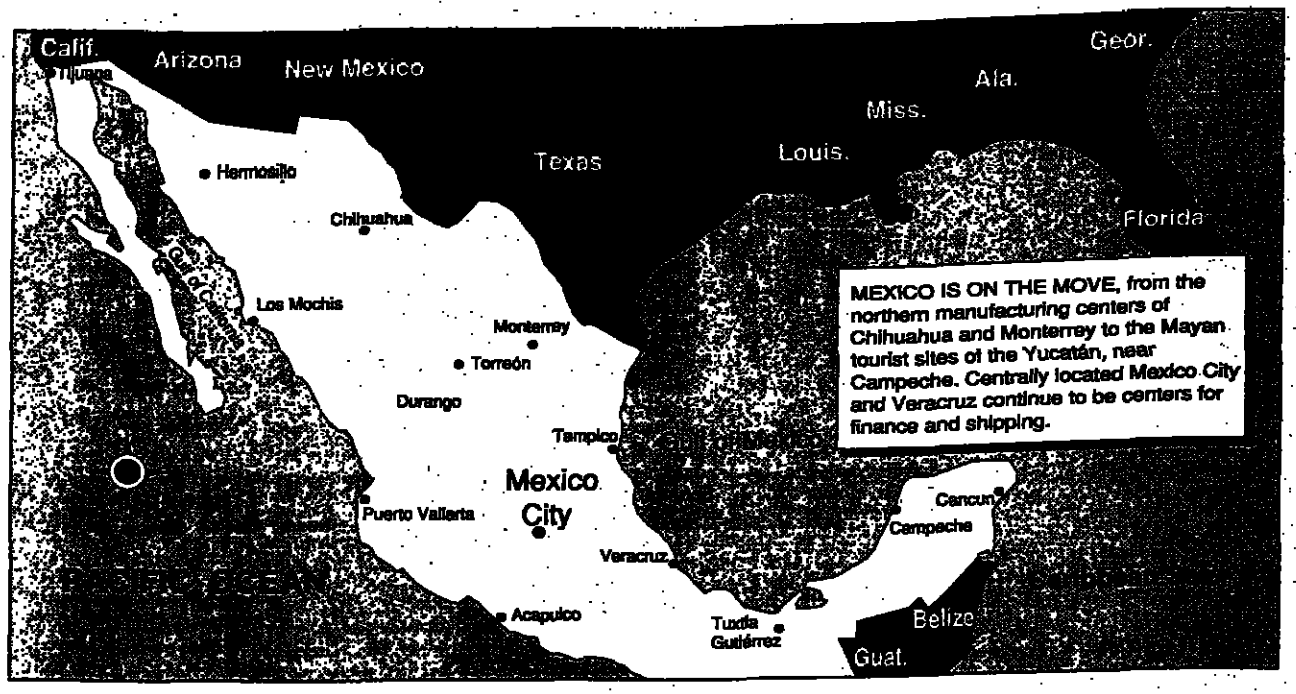
Opposition in the United States centers on objections to potential job losses from the unions and on environmental concerns. Mexico's record on the environment has been problematic. The present administration is tackling environmental problems head-on, however. The international community recently recognized the efforts of President Salinas by awarding him a newly created Nobel prize for environmental conservation.

Support for the free-trade agreement exists at the highest levels in both Mexico and the United States. President George Bush has given it his full backing.

After lengthy debate, the U.S. Congress also voted in late May to give "fast-track" authority to the president to negotiate an agreement with Mexico and present it to Congress to be approved or disapproved without amendment.

High-level talks are already under way, though formal negotiations are not expected to start until early next year. If a majority in the U.S. Congress backs the bill, however, top officials on both sides of the border believe a draft agreement could be in place as early as the end of 1992.

Christine Toomey



MEXICO IS ON THE MOVE, from the northern manufacturing centers of Chihuahua and Monterrey to the Mayan tourist sites of the Yucatán, near Campeche. Centrally located Mexico City and Veracruz continue to be centers for finance and shipping.

BANCA SERFIN

In every avenue of
Mexico's economy,
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map the right course.
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Mexico Is Sending Business A New Signal.

Great Expectations for Newly Privatized Banking Sector

Continued from Page 7

ing Mexico's economy to make it more internationally competitive.

The government plans to complete its sale of 18 Mexican banks by early next year, according to senior finance officials. Up to 34 percent of the bank stocks were sold to private investors in the form of Certificates of Ownership under the previous government.

The first bank to be reprivatized, on June 9, was Multibanco Mercantil de México. Grupo Financiero Probursa, the holding company of Mexico's sixth largest brokerage house, purchased 77.1 percent of the shares for $203 million, 2.66 times the book value.

Next, 100 percent of the shares of the once-ailing Banpais were sold for $180 million — 3.02 times book value — to the brokerage firm Grupo Mexival and private investors. On June 23, Banca Cremi was awarded to the Multivalores brokerage house for $249 million, a staggering 3.4 times book value.

The next four banks to be put up for sale include Mexico's largest bank, Banco Nacional de México, or Banamex, which has 750 branch offices in Mexico and 13 offices in 11 foreign countries. Analysts are not expecting Banamex, valued at $2 billion, and the other three largest banks, Banco de Comercio, known as Bancomer, Banca Serfin and Multibanco Comermex, to capture such high prices because the number of bidders is smaller.

The government announced last week that it was putting 71 percent of the Banamex stock up for sale, auctioning 31 percent of the A series for control of the bank and another 20 percent to be optioned by regional directors. Bidding wil be held on August 23.

Tomás Penaloza, executive vice president of the third-largest bank, Banca Serfin, says the high prices for the first three banks "surprised the great majority of people. It reflects the expectations the investors have." Banca Serfin, which has a book value of around $1 billion, has no date set for its privatization.

"A process of banking modernization began in Mexico in 1988," says José Manuel Rivero, deputy president of the international division of Banamex. "The main goal is for the banks to become more competitive."

The 1988 bank-reform law deregulated the sector, freeing banks to compete on interest rates. The Central Bank now sets leading interest rates through open market procedures. The new law also lowered the legal reserve requirement from 90 percent to 30 percent, freeing credits for private-sector lending.

Reprivatization was the second step in modernizing the sector. "The third step will be opening the financial sector to foreign competition," Mr. Rivero says.

Says José Juan de Olloqui, director of the Banca Serfin: "Today's Mexico is an open space where great trade flows converge. It is also a bridge between different world regions. We are situated in the middle of one of the most interesting zones as far as economic transformations go, and we are in a position to make the most of it."

Currently, foreign banks are restricted to a minority share in the banking sector. Foreign bankers have been cool about minority holdings.

Foreign competition in financial services is one of the key points in the free-trade negotiations with Canada and the United States, which opened in June, and also part of the Uruguay Round of the GATT talks.

"We will have to wait to see what happens in the GATT and the free-trade talks," says Mr. Rivero. Mexican financial officials say that the financial sector will be among the last sectors to open to foreign competition.

Jane Bussey

This announcement appears as a matter of record only

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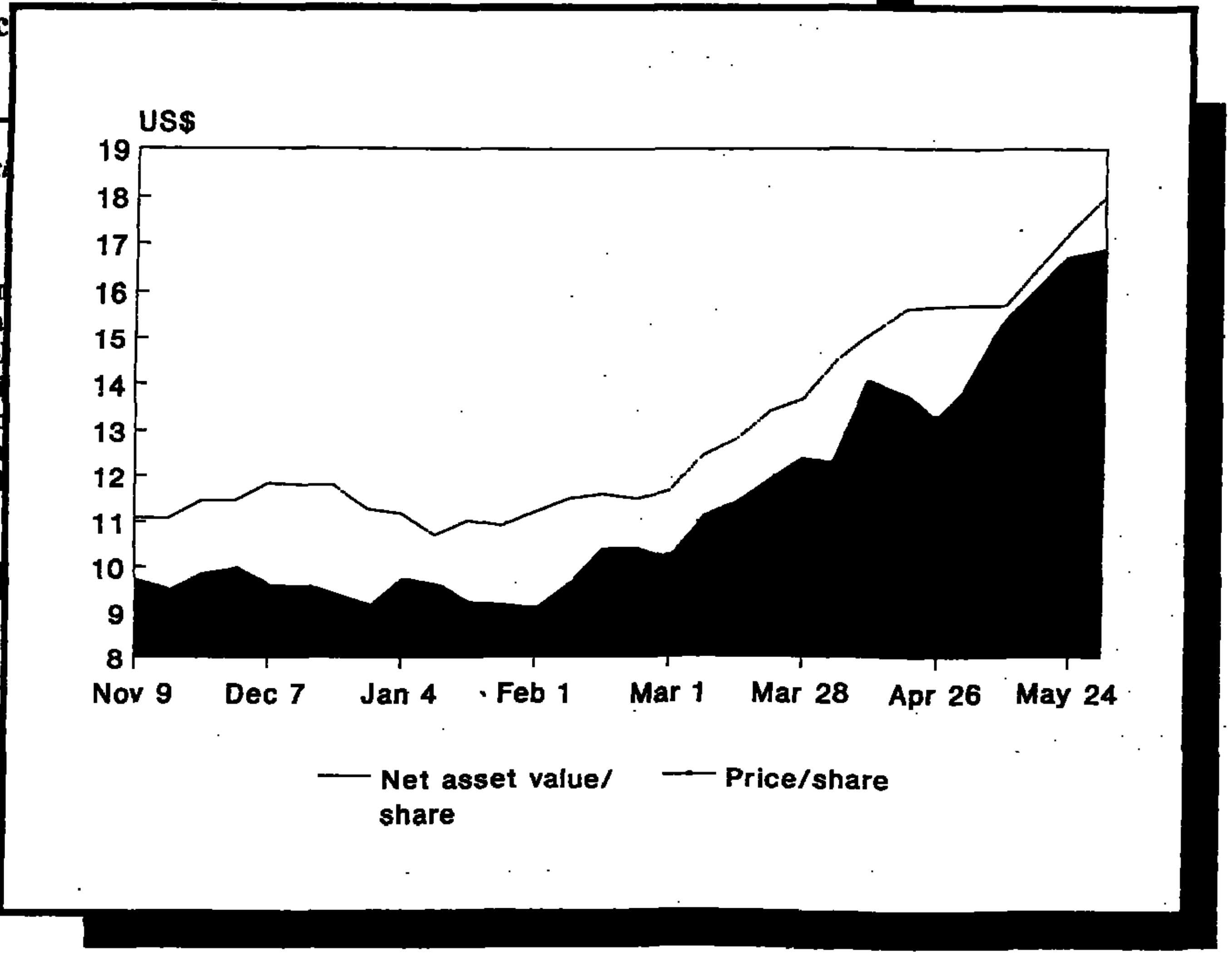

Growing with Mexico

Recognition of the improved economic environment in Mexico, and the growth opportunities offered by its financial markets prompted the Santander group to launch *The Emerging Mexico Fund*, in October of 1990.

Under the advise of *Santander Management Inc.* the fund has achieved a 40% (in US $)* appreciation from the issue price.

* Until May 31, 1991

Grupo
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Emerging Markets

Infrastructure Catches Up With Economy

After almost a decade of neglect, Mexican roads, port services and railroads are receiving a badly needed infusion of private capital.

Hammers are swinging on road projects in both urban and rural areas, a dramatic move by the Mexican government has put the country's largest port under new management and new investment will soon be channeled into the country's railroad system.

2,000 kilometers of road being built

The key to this boom is private investment, part of an ambitious government plan to bring Mexico's badly outdated infrastructure up to snuff.

The program was introduced in 1989, and it set high standards. It called for 4,000 kilometers (2,500 miles) of modern highways to be constructed during president Carlos Salinas de Gortari's term of office, which ends in 1994, at an estimated cost of $4.8 billion. Since Mexico was still deep in economic crisis at the time, the program opened construction projects to private investment.

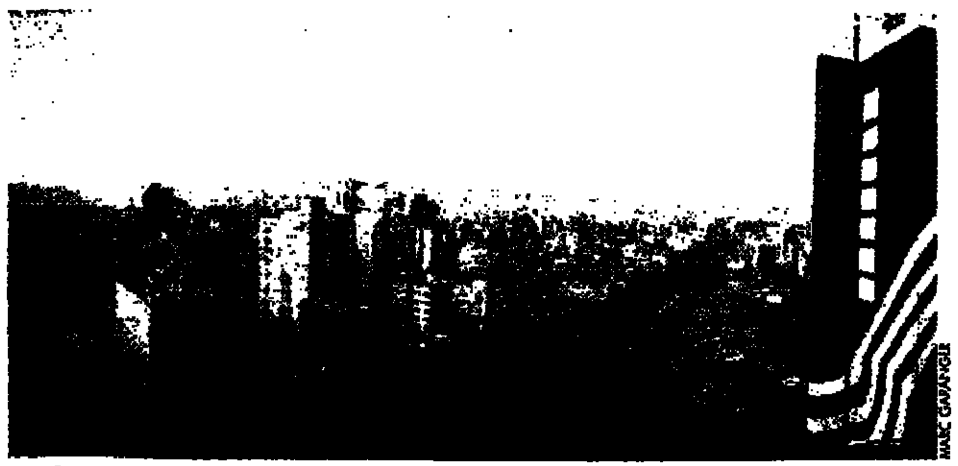
During the 1980s, the Mexican government had little extra money to spend on new construction or upkeep of roads. This state of affairs was reflected by employment trends in the construction industry. According to the Chamber of the National Construction Industry, nearly two million workers were employed in construction in 1981. That number had fallen to 800,000 by 1989. As Mexico began to pull out of its economic turmoil at the end of the decade and to explore the possibility of a North American free-trade agreement, the need to update infrastructure became urgent.

"We need to be ready for new industry coming to Mexico," says Sergio Argüelles, president of FINSA Industrial Parks, which builds full-service facilities for the growing *maquiladora* industry, in which imported parts are assembled into finished products for export. "We must have an infrastructure ready to cope."

According to the Secretariat of Budget and Planning, there are currently 1,902 kilometers of road under construction, including an international bridge and 18 major roads. A toll highway from Mexico City to Toluca was completed with private funds in 1990, and another toll highway from Mexico City to the popular resort of Acapulco is due to be finished in December 1992, also funded by private money. The Secretariat of Communication and Transport estimates that a total of more than $9 billion will be spent on infrastructure in 1991, divided among private investment, federal government funding, credits and state government participation. Almost $6 billion is expected to come from the private sector.

"The 1989 act [to allow private investment in highways] was the trigger for infrastructure improvement," says Ignacio Beteta of the Bufete de Promoción Industrial, an independent Mexico City consulting firm. "And with the requisitioning of the port of Veracruz, the government took the first big step to help this sector."

On May 31, police under orders from the Secretariat of Communications and Transport took the port of Veracruz out of the hands of the union-run company that had run it. The Mexican government owns all the country's ports, but may lease them to independent companies. The Gulf Coast port of Veracruz, one of Mexico's most important facilities, had been losing business not only to other Mexican ports but to Houston as well. Dissatisfied customers cited high costs and slow, expensive service as reasons for taking business elsewhere. Fernando Rivero of Transportación Marítima Mexicana says that the number of unions involved in working the port was the reason for the port's decline. A TMM subsidiary, Operadora Portuaria del Golfo, has taken over the task of running what had become Mexico's least efficient facility. "We are working with the unions to reduce their number from six to one," says Mr. Rivero.


MARC CAVANGIE

Highways are being modernized and extended.

The Secretariat of Communication and Transport's figures show that the amount of cargo processed each day at Veracruz has increased from 8,400 tons to 14,000 tons since the facility was requisitioned.

According to Mexico City financial writer Sergio Sarmiento, little has been done to improve the country's rail system, most of which dates from the Porfirato, the period before the 1910 Mexican Revolution. But in May, it was announced that private investors will be allowed to participate in the system by investing in equipment. "The system must be improved," says Mr. Sarmiento. "It is badly underfinanced and is not competitive with trucking."

Although the Transport Secretariat cannot supply figures on the number of infrastructure projects presently under way, their number is up, according to Gustavo Caballero of Cementos Mexicanos. Cement is the one element used in nearly all infrastructure projects, and Mr. Caballero says that the increase in his company's business reflects an increase in works. "During the economic crisis, most of our product went to the housing industry, and numbers were stable. Our sales were up 6 percent in 1989 and 10 percent in 1990. We expect another 10-percent increase this year. We credit those increases largely to the rise in the number of infrastructure projects."

Although Mexico still has a long way to go before it can boast an infrastructure system that can be termed even adequate, the hike down that long road has begun. "All this activity is a sign that the economy is recovering pretty fast," says Mr. Caballero.

Candace Siegle

Reaching Out to the EC for Expanded Trade and Investment

It was an international market gamble, but one that has paid off handsomely for Mexico's Modelo Breweries.

Flush with record Corona beer sales to the United States, Modelo turned to the European market in late 1989. Six months later, the Mexican beer giant opened a European sales office in Brussels.

"We studied it and decided that it was the center for all business for Europe 1992," says the company's export director, Yolanda Nava. The Mexican brewery had exports to Europe totaling $2 million in 1990, and in the first six months of 1991 had total exports worth $3.5 million.

It is the kind of success story that Mexican government officials like to tell and wish other companies would repeat.

Despite the overwhelming influence of the U.S. market and the free-trade agreement that Mexico is negotiating with the United States and Canada, Mexican businesses have turned their sights on the Old World. They are also trying to attract European investors to Mexico. Trade is beginning to climb, while the rate of visits of potential investors and trade delegations has increased.

Framing the trade and economic ties, stronger now than at any time in the past decade, is a third-generation cooperation agreement negotiated between Mexico and the European Community.

"It's an agreement that is probably the most extensive from the point of view of coverage of subjects of any agreement we have signed with any Latin American country," says Erwan Foueré, the EC ambassador to Mexico.

The agreement, negotiated rapidly and signed in Brussels on April 26, involves broad areas of economic cooperation, trade, and science and technology. In practical terms, this means that the Community is financing numerous projects, from feasibility studies on joint ventures to the publication of a guide on how to export to Europe prepared by the chambers of trade in Mexico.

Trade with Europe comprised only 14 percent of total Mexican exports of $26.8 billion last year, and crude oil sales figured prominently in those exports. But besides beer, Mexico exports a variety of products, from tropical fruits to Renault automobile engines.

In one of its most ambitious bids to move into the European market, Mexico held a trade fair in Madrid in late May, attracting 200 Mexican exhibitors, from handicraft makers to petrochemical giants.

European trade delegations have once again resumed visits to Mexico to see the results of the economic program. The Mexico-European Business Council has increased its trade and investment promotion.

Mexican President Carlos Salinas de Gortari set the tone with a visit to Europe in January 1990 to carry his message of liberalization and privatization of the Mexican economy. The Mexican leader left June 28 for a new European tour, this time visiting Germany, the Soviet Union, Czechoslovakia and Italy. Accompanying him was a large delegation of Mexican executives and financiers.

"Mexico wants to move closer to the First World and wants to move away from the Third World," says Miguel Marron, head of the European division of the Business Council for International Affairs. "The measures the government has taken have made entrepreneurs think they can do business."

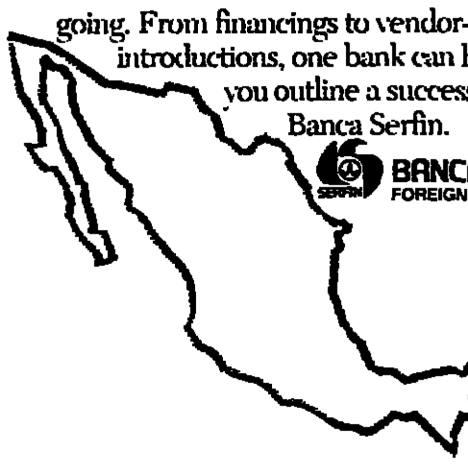
Says José Juan de Olloqui, director of the Banca Serfin: "I think that, because of her people, resources and culture, Mexico will, in the not too distant future, gravitate toward North America and the enormous possibilities it implies as far as markets and political influence are concerned. But we cannot forget that Europe continues to represent an immediate and workable alternative to balance our economic relationship with the United States."

No one is expecting that European sales will be easy, or that European investors are going to rush to Mexico. "To regain the trade level that we had with France in 1980 is a real challenge," Mr. Marron concedes.

European investment represents 21 percent of all total foreign direct investment in Mexico.

"It's a long-term program," says Mr. Foueré. "But if they don't jump on the train now, they are going to miss what is going on in Europe."

Jane Bussey



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Adios to State Control in New Economy

Continued from Page 7

and a half, approximately $3.5 billion in flight capital has returned to Mexico, most of it money invested abroad by worried Mexicans as their country slumped into deep recession in the early 1980s, when oil prices collapsed. Mexico's Finance Ministry estimates another $25 billion will be attracted back over the next five years.

Under greatly relaxed foreign investment rules, $4.7 billion in external capital has poured into Mexico in the last year. Computer and electrical firms such as IBM and Sony; German and Japanese car assembly plants, including Chrysler, Mercedes-Benz, Volkswagen and Nissan; and Spanish and Italian tourist projects have all been established in Mexico. In the country's northern region around Chihuahua and Monterrey, a high-tech manufacturing zone is growing, which some analysts believe could one day rival South Korea or Taiwan.

Mexico's foreign-currency reserves — a critical indicator of international confidence — now stand at an estimated $13 billion. Values on Mexico's fledgling stock market increased by 50 percent last year and 70 percent in the first five months of this year alone.

Perhaps the most significant indicator of Mexico's reviving economy is inflation, which has now settled at below 30 percent. The Mexican economy has been allowed to grow steadily at a currently estimated rate of 5 percent a year, which the Finance Ministry expects to rise to 6 percent to 7 percent by the middle of the decade.

Behind the bare statistics, however, Mr. Salinas's reforms — popularly dubbed *Salinastroika* — are attempting to bring about a fundamental change in the way the country works. Endemic corruption is being tackled head-on, with corrupt law enforcers, union bosses and business leaders alike being jailed in growing numbers.

The Salinas government has also begun to address some of the country's pressing social problems through its $2-billion national Solidarity program. This has set in motion thousands of neighborhood projects throughout the country, from building wells and laying pipelines to school projects and road construction.

While Mexico's improved economic prospects have benefited the upper and middle classes, over 40 percent of the population still lives in poverty, with a quarter of the work force barely earning the $4-a-day minimum wage.

Hope of eventually bringing improved employment prospects and prosperity to a wider section of Mexican society, many believe, lies in the successful negotiation of a proposed free-trade agreement between Mexico, Canada and the United States. Mr. Salinas has staked his political career on the agreement. U.S. President George Bush is also giving it his full backing.

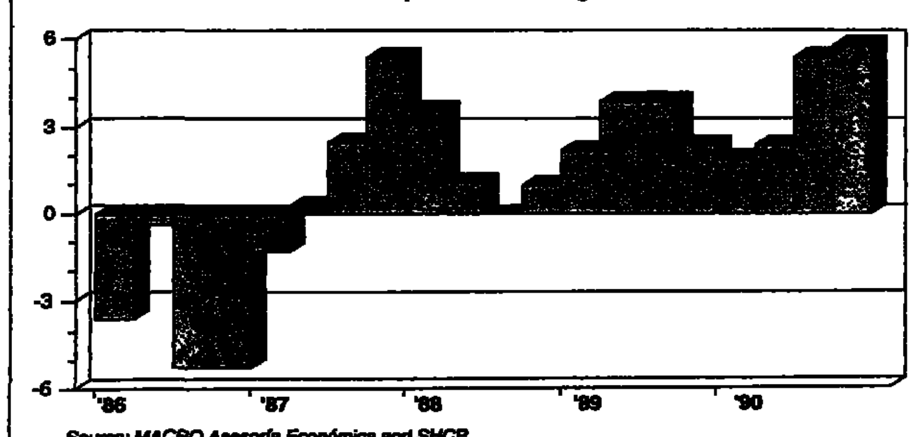
The proposed free-trade agreement will have the effect, however, of shining the international spotlight on Mexico's political stage. In this area there is less cause for optimism than on the economic front. Mr. Salinas's Institutional Revolutionary Party has held a monopoly on power in Mexico for 60 years.

Limited political reforms have already been instituted, but, ultimately, it is Mr. Salinas's ability to loosen his party's grip on power and allow true democracy to flourish that will determine long-term prosperity for Mexico.

Christine Toomey

GDP GROWTH

During the last two quarters of 1990, real GDP growth averaged a dynamic 5.6 percent. This growth has been mostly led by an increase in gross fixed investment as a result of lower real interest rates and an improvement in the general economic outlook.



Source: MACRO Asesoría Económica and SHCP

The Idea Behind The North American Free Trade Agreement.

The idea? Break down the remaining trade barriers between Mexico, the U.S. and Canada. That way, all three nations can open the road to prosperity. By simply clearing the path.

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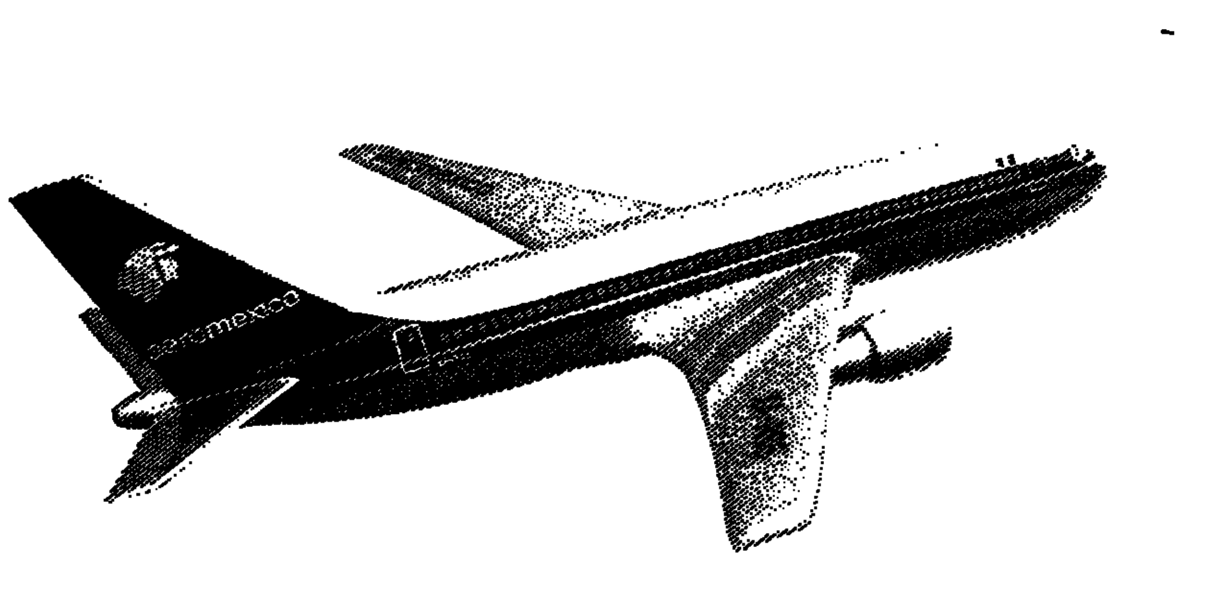

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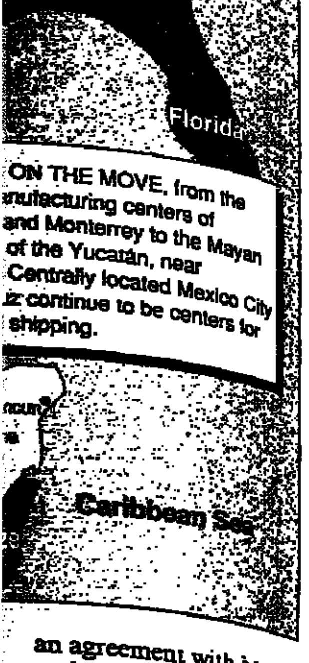

ON THE MOVE, from the
nufacturing centers of
and Monterrey to the Mayan
of the Yucatán, near
Centrally located Mexico City
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shipping.

an agreement with Mexico and present it to Congress to be approved or disapproved without amendment.

High-level talks are already under way, though formal negotiations are not expected to start until early next year. If a majority in the U.S. Congress backs the bill, however, top officials on both sides of the border believe a draft agreement could be in place as early as the end of 1992.

Christine Toomey

tor

Currently, foreign banks are restricted to a minority share in the banking sector. Foreign bankers have been cool about minority holdings.

Foreign competition in financial services is one of the key points in the free-trade negotiations with Canada and the United States, which opened in June, and also part of the Uruguay Round of the GATT talks.

"We will have to wait to see what happens in the GATT and the free-trade talks," says Mr. Rivero. Mexican financial officials say that the financial sector will be among the las sectors to open to foreign competition. Jane Busse

Mexico

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Tourism Seeks to Protect as Well as to Promote

After decades of booming tourism in its coastal resorts, Mexico is looking inward, trying to entice international visitors to the world of the ancient Maya as well as to the country's well-known colonial cities.

"It is no longer enough to offer the beach and sun. Tourists are also looking for culture," says Rodolfo Lobato González, the coordinator of the Mundo Maya program in Mexico's Tourism Ministry.

Tourism brought in $3.4 billion in 1990

Mexico already has a wide range of beach resorts, from well-known Acapulco and Puerto Vallarta to the newest centers of tourist development at Ixtapa-Zihuatanejo, Cancun, Los Cabos and, most recently, Huatulco.

But promoting the region's pre-Columbian culture has become an international effort to enhance the region's appeal and to try to halt the twin depredations of looting and logging that threaten the sensitive ecology of rain forests surrounding the Mayan region and the unexcavated ruins.

Previous government development projects have been wildly successful. Cancun, on the tip of the Yucatán Peninsula, started 20 years ago as a computer printout for the ideal tourism location. Today, Cancun, with 140 hotels, attracts one million international tourists a year — one in six out of the 6.4 million international visitors to Mexico last year.

International tourism netted Mexico $3.4 billion in revenue in 1990, one of the largest sources of foreign exchange. Foreign investment in the sector last year totaled $864 million. The government's goal is to attract 10 million international visitors and to generate $5 billion in income by 1994.

Mundo Maya, or "Maya World," is aimed at the European market, while officials hope to tap into U.S. interest in history to draw tourists to the lesser-known colonial cities, such as Guanajuato, San Miguel de Allende, Querétaro, Zacatecas, Uruapan and Páztcuaro, which are located in states surrounding Mexico City.

Last year, Mexican authorities joined with the governments of Belize, Guatemala, El Salvador and Honduras to coordinate both management and protection of the five-nation region, dotted with at least a thousand mostly unexplored archaeological sites. "We have 100 sites that are practically without visitors," Mr. Lobato says, noting that Tulum, the ruins of a ceremonial city overlooking the Caribbean, is visited by 800,000 people a year, while Tikal, the site of the most famous ruins in Guatemala, receives only 90,000 visitors annually.

Some 300,000 international visitors, 40 percent of them from Europe, traveled to the Mayan region in Mexico last year, including the best-known ruins of Tulum, Chichén Itzá and Uxmal. Altogether, 400,000 visitors were attracted to the entire five-nation region last year.

Mexico's south is rich in pre-Columbian artifacts.

The goal of the five nations is to expedite travel among the countries by opening the skies to new regional air routes that will save the time lost previously by having to fly to Mexico City to make connections to other nations.

Mexico plans to make Cancun's international airport the gateway to the region. Recently, international flights have opened up from Cancun to Guatemala and from Mérida to Belize and Guatemala.

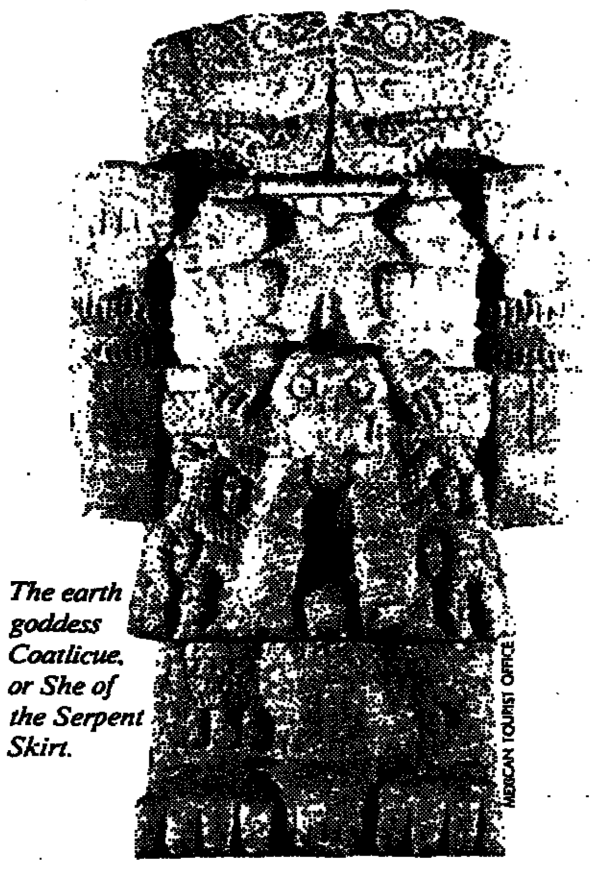
To better serve European tourists traveling to the Yucatán peninsula, Aeromexico has recently inaugurated nonstop flights from Cancun to Paris. These join nonstop services between Paris and Mexico City, Madrid and Mexico City, and Madrid and Cancun.

The environmental question is of growing importance all over Mexico, as authorities discover that rapidly expanding tourism can create its own environmental damage. The government of the state of Guerrero has continued an ambitious cleanup of the Acapulco bay, a program that began in the 1980s.

Conservation is one of the stated goals of Mundo Maya. Environmentalists have expressed concern that the influx of tourists to the delicate zone could have adverse affects. The region has one of the largest rain forests in the hemisphere and is home to 700 species of birds, the same number as found in all of the United States and Canada.

Authorities say conservation is one of the compelling reasons for the program, because local residents will be enlisted in the effort. In addition, visitors will protect archaeological sites in both Mexico and Guatemala that suffer rampant looting.

Explains Mr. Lobato: "Perhaps what does the most damage is abandonment." **Jane Bussey**



The earth goddess Coatlicue, or She of the Serpent Skirt.

MEXICAN TOURIST OFFICE

Jane Bussey is a journalist based in Mexico City.
Candace Siegle is a free-lance print and broadcast journalist based in Mexico City.
Christine Toomey is a free-lance writer based in Mexico.

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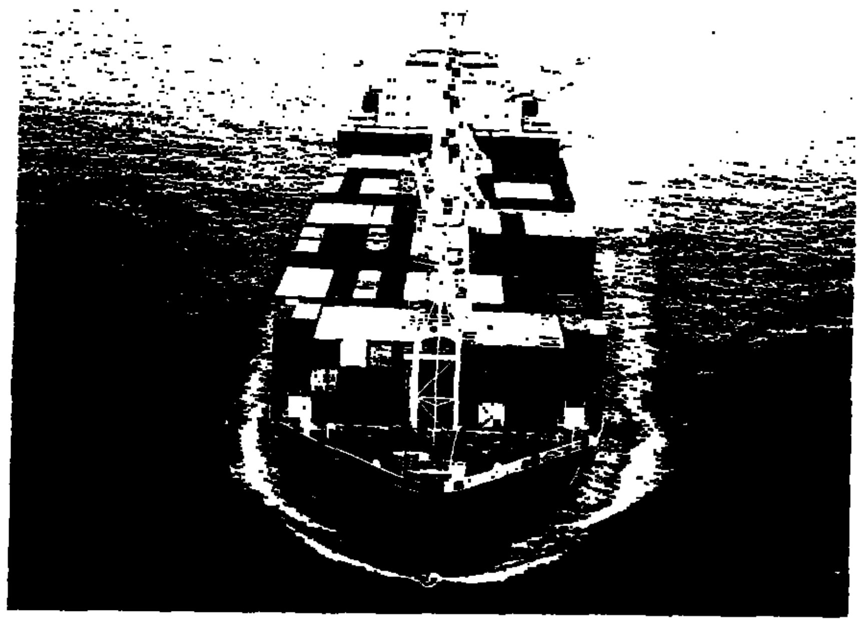

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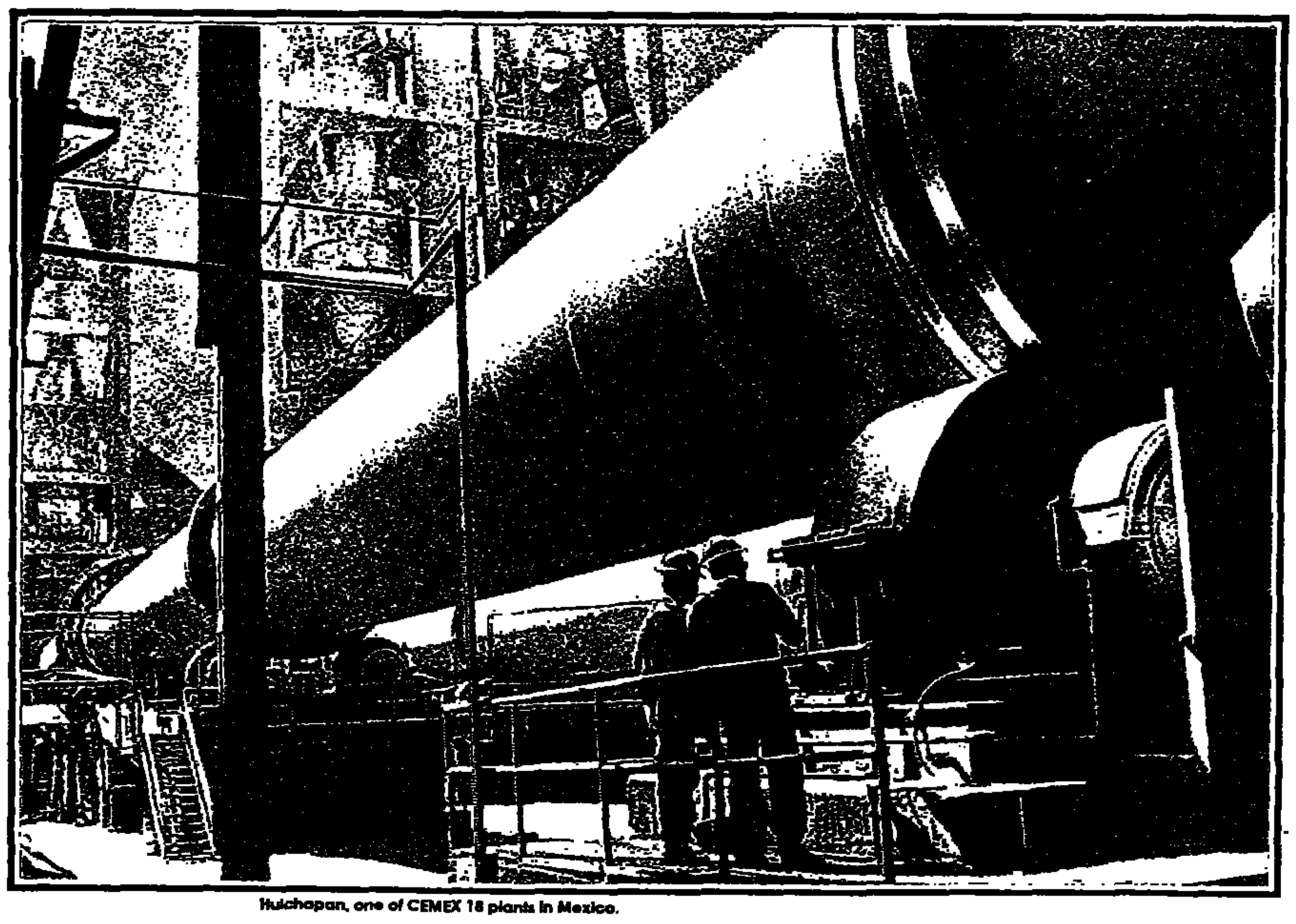

Huichapan, one of CEMEX 18 plants in Mexico.

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CAPITAL MARKETS

New Indicator Focuses On Investor Uncertainty

By Sylvia Nasar
New York Times Service

NEW YORK — From corporate offices to the headquarters of the Federal Reserve, economists are always looking out for new indicators that will give them clues to where things are headed. Many economists look to the Fed itself to divine where the economy is heading.

David W. Mullins Jr., a governor of the Federal Reserve and its vice chairman-designate, is betting that an experimental indicator of bond market jitters will help tell him whether investors expect inflation to flare.

The index's current calm readings suggest that the Fed has some latitude to ease its monetary policy if other conditions warrant — though Mr. Mullins and other Fed officials have made it clear they see no reason for easing right now.

Fed officials can directly influence short-term rates, but they are often uncertain about how their actions will affect long-term rates.

Will an easing by the Fed result in lower long-term rates by making more money available for lending, or raise rates as investors question the Fed's commitment to fighting inflation?

'The market does reveal participants' expectations.'

Mr. Mullins said his indicator, which uses the prices of Treasury bond options to measure investor uncertainty, could help answer such questions.

Mr. Mullins, who is said by some at the Fed to exert significant influence already, has been talking up this measure with other members of the Fed's policy-setting Open Market Committee.

He has also asked Fed staffers in Washington to begin the basic research that, he said, could result in the indicator's formal inclusion in policy deliberations.

"There is a lot of groundwork that has to be done," he said.

Some Wall Street economists doubt that the indicator will prove as useful as Mr. Mullins expects, or as reliable as, say, exchange rates or commodity prices.

"It's a reach," said Lawrence A. Kudlow, chief economist at Bear, Stearns & Co. "The U.S. options market isn't sufficiently well developed nor is it truly international."

BUT THE NEW YORK FED, the most powerful of the 12 regional Federal Reserve banks because it carries out the directives of the Open Market Committee, already follows the indicator closely.

"We pay a lot of attention to options markets," said Charles M. Lucas, the senior vice president for international capital markets at the New York Fed. "Our view is that they reveal the market's expectations of future variability of the price of bonds." Bond prices vary inversely with interest rates.

The inventor of Treasury bond options, Richard L. Sandor, an executive managing director at Kidder, Peabody & Co., also favors use of the indicator. "The market, unlike some economists' model, does reveal participants' expectations," he said.

Mr. Mullins readily agrees that the indicator has been far more popular among bond traders than economists. Traders have used the measure for years to forecast options prices.

"Normally, macroeconomists don't look at this number and market-oriented people don't think about how to use it in a macroeconomic context," Mr. Mullins said.

Underlying the indicator's intimidating name — the implied volatility of options prices on Treasury bonds — and its complex mathematical derivation is a simple concept: Options are a kind of insurance, with their costs reflecting both the prices of underlying assets and the perceived risks.

"When the environment gets riskier, the price of insurance goes up," said Steven P. Feinstein, an economist at Boston University and a former Fed staffer in Atlanta.

Options are rights to buy or sell assets, like 30-year Treasury bonds, at a specified price within a certain time. Corporations and financial institutions use them to hedge their risks, locking in a price or protecting against an unfavorable price change.

Two University of Chicago finance professors, Fischer Black and Myron S. Scholes, invented a formula in 1973 for how much the option should cost, based on how much volatility investors foresee. The greater the volatility, the more the option costs.

"Anyone equipped with that formula can infer how risky the market thinks investing in a given asset is at a given point in time," Mr. Feinstein explained.

The implied volatility can be calculated primarily from the prices of an option and the underlying asset. The Chicago Board of Trade, where options on Treasury bonds are traded, publishes a chart of implied volatilities in its monthly newsletter.

Mr. Mullins said that as a guide to inflation fears, implied volatility could help the Fed gauge how investors might respond to its actions: for example, when steps meant to lower long-term interest rates might backfire and merely raise them.

CURRENCY RATES

Cross Rates

July 5

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	2.0595	3.3245	1.126	0.3324	0.1514 *	—	5.473 *	1.3065	1.4095 *	1.802	1.796 *
Brussels	37.9325	60.60	20.573	6.068	2.7655 *	18.27	—	23.8375	0.2777	33.0075	32.78 *
Frankfurt	1.8374	2.948	—	0.295	0.1345 *	0.8882	4.86 *	1.1593	1.326 *	1.605	1.594 *
London (a)	1.6185	—	2.9545	10.0053	2,195.00	3.3254	60.775	2.5435	223.665	1.8502	185.26
Madrid	115.144	185.84	62.767	18.521	8.436 *	55.745	3.0508	72.67	83.078 *	100.749	—
Milan	1,366.40	2,194.00	744.87	219.47	—	660.20	36.157	861.45	9.857	1,194.90	11.853
New York (b)	—	1.6155 a	1.8253	6.1855	1,358.00	2.0555	37.535	1.5745	138.35	1.1438	114.55
Paris	6.2285	9.998	3.3893	—	0.4556 *	3.01	0.1647	3.9252	4.4872 *	5.44	5.40 *
Tokyo	138.25	223.29	75.77	26.36	0.3019	67.29	3.6839	87.80	—	121.96	1.2879
Toronto	1.144	1.8587	0.6267	0.185	0.842 *	0.5565	3.140 *	0.726	0.8272 *	—	0.999 *
Zurich	1.5795	2.5449	0.8619	0.2546	0.116 *	0.7668	4.1964 *	—	1.14 *	1.3813	1.3754 *
1 ECU	1.1282	0.6971	2.055	6.9643	1,529.88	2.3139	42.2794	1.775	155.361	1.2880	128.987
1 SDR	1.3687	0.8345	2.4812	8.1395	1,785.87	2.6994	49.8925	2.0726	181.975	1.4932	158.475

Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing rates and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9920.0	Greek drac.	199.75	Mex. peso	3020.00	S. Afr. rand	2.90
Austral. $	1.3072	Hong Kong $	7.7705	N. Zealand $	1.7606	Soviet ruble*	0.608
Austr. schil.	12.89	Indian rupee	26.45	Norw. krone	7.1655	Swed. krona	6.643
Brazil cruz.	315.45	Indo. rupiah	1949.00	Phil. peso	27.31	Taiwan $	26.30
Chinese yuan*	5.3556	Irish £	0.6842	Port. escudo	159.35	Thai baht	25.70
Danish krone	7.10	Israeli shek.	2.3464	Saudi riyal	3.75	Turkish lira	4287.00
Egypt. pound	3.2977	Kuwaiti dinar	3.4037	Sing. $	1.7715	UAE dirham	3.672
Fin. markka	4.3375	Malay. ring.	2.7925	S. Kor. won	728.90	Venez. boliv.	55.75

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6154	1.5946	1.5887	Canadian dollar	1.1449	1.1474	1.1495
Deutsche mark	1.8387	1.8435	1.8482	Japanese yen	138.61	138.76	138.93
Swiss franc	1.5860	1.5886	1.5906				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	July 5	June 28	Ch'ge
DJ Indus.	2,932.47	2,906.75	+ 0.88 %
DJ Util.	197.56	196.87	+ 0.35 %
DJ Trans.	1,195.70	1,151.45	+ 3.84 %
S & P 100	355.68	353.11	+ 0.73 %
S & P 500	374.08	371.16	+ 0.79 %
S & P Ind	446.19	442.06	+ 0.93 %
NYSE Cp	204.92	203.47	+ 0.71 %
Britain			
FTSE 100	2,484.70	2,414.80	+ 2.90 %
FT 30	1,911.50	1,877.90	+ 1.79 %
Japan			
Nikkei 225	22,898.	23,291.	— 1.69 %
West Germany			
DAX	1,618.91	1,622.18	— 0.20 %
Hong Kong			
Hang Seng	3,892.70	3,668.64	+ 6.11 %
World			
MSCIP	482.10	489.60	— 1.53 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	July 5	June 28
Discount rate	5½	5½
Prime rate	8½	8½
Federal funds rate	5⅝	5½
Japan		
Discount	5½	6.00
Call money	7 7/16	7 31/32
3-month interbank	7 15/32	7 25/32
West Germany		
Lombard	9.00	9.00
Call money	8.90	8.90
3-month interbank	9.10	9.05
Britain		
Bank base rate	11½	11½
Call money	11¾	11¾
3-month interbank	11 3/16	11 5/16

Gold	July 5	June 28	Ch'ge
London p.m. fix, $	369.90	368.35	+ 0.42 %

BCCI May Spur U.S. to Tighten Bank Supervision

By Jeff Gerth
New York Times Service

WASHINGTON — The largely unsupervised rise and sudden fall of the Bank of Credit & Commerce International SA illustrates holes in the international regulatory system and is expected to bolster efforts in the United States to improve supervision of foreign banks.

Action against the bank, once one of the largest private banks in the world, was initiated Friday by the Bank of England after the British bank regulator said it had found evidence of fraud, including concealed losses and false accounting methods.

BCCI had operations in 69 countries and assets of about $20 billion. Its offices in New York and Los Angeles were closed by state banking regulators as were those in at least a dozen other countries.

BCCI, created largely by Arab capital and Pakistani managers, grew mainly unsupervised by bank regulators through the 1970s and 1980s into an empire operating, at its peak, in more than 70 countries.

Using the privacy afforded by its Luxembourg base, which has long been a haven for intensely private banking operations, BCCI attracted customers ranging from government officials and intelligence operatives to drug traffickers and arms dealers.

Over 19 years, its customers included Ferdinand E. Marcos, the late president of the Philippines, and the former Panamanian leader, Manuel Antonio Noriega. In 1988, BCCI was indicted in Tampa, Florida, for money laundering, and the bank later entered a guilty plea.

But BCCI's complex structure masked the true identity of its operations.

Although Luxembourg had supervisory responsibility, BCCI had fewer than 100 employees in that country a few years ago when the bank still seemed to be growing. At the same time, the bank's London office had more than 2,000 employees, and the Bank of England had only secondary responsibility to regulate the bank.

"BCCI demonstrates that we do need to look at ways foreign banks are examined in the United States," a senior official at the Federal Reserve Board said.

The BCCI collapse is expected to aid efforts in Congress to tighten laws that would require federal bank examinations of any U.S. office of a foreign bank.

Some congressman are examining why closer attention was not paid to BCCI.

For reasons not been fully explained, the Federal Reserve did not know until recently that BCCI secretly controlled at least 25 percent of Washington's largest bank holding company, First American Bankshares.

Germany Warned On Wages

Bundesbank Sees Risk of Inflation

Reuters

FRANKFURT — Hans Tietmeyer, a Bundesbank board member, warned Sunday of the dangers of a possible wage-price spiral resulting from relatively high wage agreements in Germany.

The Bundesbank's deputy president, Helmut Schlesinger, said inflationary risks and wage increases, as well as recent weakness of the Deutsche mark, had reinforced the central bank's drive to maintain tight monetary policies.

Their comments echoed those last week by Karl Otto Pöhl, the outgoing Bundesbank president, who warned that pay increases in Germany are "already alarming."

Mr. Tietmeyer, in a text for a radio interview, said, "The actual difficulties of the current inflationary developments in Germany stem from wage policies."

He said Germany was experiencing a combination of wage-price pressure and the effects of tax increases in an economy that still has strong demand, especially in the consumer-goods area.

Germany's year-to-year inflation rate was 3.5 percent in June and economists expect the rate to top 4 percent in July.

Mr. Tietmeyer said the mark's level does not reflect the strength of the German economy. He said the crisis in Yugoslavia, problems in the Soviet Union and optimism about the U.S. economy have all pressured the mark.

Mr. Schlesinger, who will take over from Mr. Pöhl at the end of the month, told bankers in Italy on Saturday that there was no alternative to relatively restrictive monetary policies now because of expansionary fiscal policies and high wage deals.

"If you add on the slightly weaker trend in the mark on the foreign-exchange markets," he said, according to a text of the speech released in Frankfurt, "there is a need for extreme vigilance as far as monetary policy is concerned."

He said he did not expect criticism of Germany's interest-rate policies at the Group of Seven summit later this month.

France Sees Problems Despite Price Gains

By Tom Redburn
International Herald Tribune

PARIS — This summer should have been a moment of triumph for France's economic policy makers. After eight years of rigorous economic discipline, the French — with a steady inflation rate of under 3.3 percent compared with Germany's rate of 3.5 percent and rising — finally managed to beat the Germans at their own game.

"In the last 12 months," Finance Minister Pierre Bérégovoy said at the end of June, "we have done better than the Germans, something that hasn't happened for two decades."

But instead of exulting over their long-sought achievement, the French are discovering that the taste of success is bittersweet. While the German industrial machine, for all its difficulties in overcoming the collapse in the East, continues to steamroll ahead, France's economic growth engine is barely pumping.

During the first half of the year, French output has stagnated. Even under the relatively optimistic scenerio of the OECD, the economy is expected to grow by just 1.4 percent in 1991. By comparison, the economy in the western part of Germany, which already strongly outpaced France last year, is likely to grow at double the French rate. The OECD also projects a 1.6 percent decline in French industrial production compared with a 3.3 percent rise in Germany.

Unemployment in France, already high, has started to creep up again. The jobless rate has already risen from 9 percent to 9.5 percent this year, with further increases in sight. And for all the recent pain it has endured, France has still not been able to convince the bond market to close the gap between French and German interest rates.

Meanwhile, despite a half-decade-long European boom, many of France's largest companies still seem woefully ill-prepared for the post-1992 Europe, with several state-owned enterprises clamoring for another big round of government subsidies even as latent French protectionist sentiment once again emerges from hiding.

"A unified Europe — and the competition it is bringing — is our only hope for the future," said Jean-Pierre Pinatton, who heads a Paris brokerage house. "But many French business executives are now afraid they aren't up to the challenge. The problem is that such thinking might well turn into a self-fulfilling prophecy."

Officially, the French contend there is little to worry about, arguing that an economic upturn is just around the corner. "I'm reasonably optimistic," Mr. Bérégovoy said recently. "Signs of a recovery are becoming clearer and most forecasting institutes share this view."

But even a recovery later this year and into 1992 would not overcome most of France's underlying problems.

"Any rebound in France right now is likely to be led by the

See FRANCE, Page 13

Crunch Time for East Europe

By Steven Greenhouse
New York Times Service

PRAGUE — Eastern Europe's transition to a market economy is reaching a pivotal phase as public dissatisfaction grows over the higher prices and layoffs caused by new economic policies.

Even as economic changes bear their first fruit in Czechoslovakia, Poland and Hungary, strikes and protests are increasing pressure on governments.

Political leaders find themselves walking a tightrope, wanting to carry out economic transitions as fast as possible but worried that public dismay with the resulting pain could throw them out of office.

In dismantling ossified economic structures inherited from four decades of communism, Eastern European governments removed price controls, legalized layoffs, slashed budget deficits and eliminated most subsidies to consumers and companies. These steps have meant pain for consumers, workers and manufacturers.

Now, with an eye to the ballot box, some government officials want to relax their radical programs, a move that would reduce the pain but slow the conversion to a market economy.

But economic policy makers generally want to sprint ahead with their tough programs. They think that relaxing the reforms would merely spread the pain and turmoil over more years.

"Our basic course is firm," said Karel Dyba, economics minister for Czechoslovakia. "There is no alternative program."

Strikes and strike warnings are multiplying. Air controllers in Poland went on strike last month for higher pay and strangled the country's transportation network until President Lech Walesa persuaded them to go back to work.

Coal miners in the Silesia region of Poland are threatening to strike over proposed mine closings and layoffs.

And Hungary's main labor federation recently threatened a one-day general strike over price increases.

"The most difficult thing is to persuade the public that for the short term they will have to suffer a lot of disadvantages that will turn to advantages in the long term and will produce greater benefits," Mihaly Kupa, finance minister of Hungary, said in an interview. "The rest is child's play compared to this."

The number of strikes is expected to grow later this year because governments, after balking for months, will soon start closing outmoded, overstaffed enterprises that are too inefficient to survive.

In Poland, where joblessness officially did not exist in communist times, unemployment has reached 1.1 million, and many economists say it will climb to 2 million, or more than 12 percent.

Economic policy makers say the strikers and protesters too often ignore the tangible successes brought about by the new policies.

Consumers are finding a much wider choice of goods on the shelves, as hundreds of stores are being privatized, ranging from glitzy crystal shops in Prague's medieval center to humble grocery stores in Moravian villages.

To privatize companies, the Czechoslovak government, like the Polish government, has announced plans to distribute vouchers to give the public stakes in hundreds of state-owned companies.

And although trade with the Soviet Union has largely collapsed for Czechoslovakia, Hungary and Poland, their trade with the West is up sharply. The countries have been successful in selling machine tools, auto and truck parts and textiles.

But the task of economic policy makers is likely to grow tougher because living standards are expected to decline before they get better.

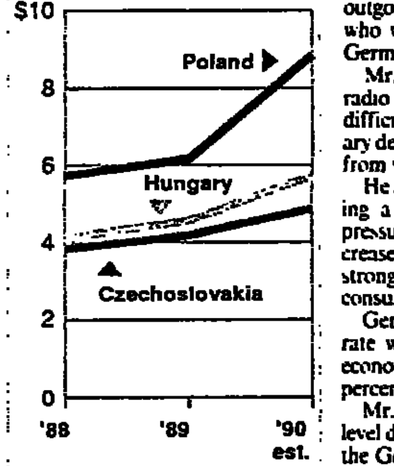
In most Eastern European countries, output is expected to be down again this year, although Poland, which pioneered the region's transition toward capitalism, could be a notable exception.

In its first-ever economic predictions for Eastern Europe, the Organization for Economic Coopera-

See EAST, Page 13

Export Growth

Exports to Western nations by each country, in billions.



Source: O.E.C.D.

NYT

EC Ministers Plan Push For Deal on Securities

By Charles Goldsmith
International Herald Tribune

BRUSSELS — European Community finance ministers, deadlocked for a year over common rules on stock trading, planned a "make-or-break" bid on Monday to agree on key rules for the post-1992 single market in investment services.

The Netherlands, which holds the EC presidency, has proposed a new compromise, more agreeable to Britain, that would allow more national flexibility on disclosure rules for stock trading. Three EC countries — Britain, Germany and the Netherlands — would in turn have to agree that member states could require that most shares be traded on organized stock exchanges.

"The Dutch will launch a make-or-break effort at lunch," said an EC diplomat involved in the negotiations.

"They're putting it forward on a take-it-or-leave-it basis," he said, by threatening no further action during the Netherlands' six-month presidency if an agreement cannot be reached on Monday.

"We will not let it drag on for a very long time," a Dutch diplomat said of the lunchtime discussion. "We don't want to go over and over the same positions again. It has to be, 'This is it, gentlemen, and if you can accept it, fine.' "

Sir Leon Brittan, the EC commissioner for financial services, also "wants to put them on the spot a bit," said a spokesman.

Positions have been staked out in stone since work began a year ago on rules to create an EC-wide "passport" for securities, similar to legislation already enacted for banking, in which investment houses licensed in one member state would be able to operate in all EC countries.

The three northern EC states want looser rules on disclosure of stock transactions, and also seek freedom to trade outside centralized stock exchanges, on markets such as Britain's successful electronic system SEAQ International.

But many southern EC countries, citing the protection of small investors, seek strict reporting requirements and restrictions on trading away from organized exchanges.

The Dutch compromise would require price and volume of share trades to be disclosed, but would allow flexibility on the timing of such reports to reflect different national trading systems. Timing flexibility is the proposal's key distinction from an unsuccessful plan earlier in the year.

Large institutional investors would enjoy some exemption from trading only on organized exchanges.

"The Dutch proposal says large institutional investors do not need the same degree of protection as retail investors," an EC official said.

Finance ministers will also debate whether banks could have access to stock exchanges after a transition period. Germany, with its large banks, favors bank access right away, while Spain and Portugal have fiercely resisted.

The Dutch proposal was presented to EC national governments only on Thursday.

Asked about the plan's chances for success, an EC diplomat said, "It depends on the effectiveness of the pistol they are placing at each and every one of our heads."

Restructuring Is Pledged For Hong Kong Exchange

Special to the Herald Tribune

HONG KONG — The Hong Kong Stock Exchange and government regulators are heading for a showdown that promises to make the exchange more dynamic and internationally competitive.

The exchange's management council narrowly rejected Friday a package negotiated by its top executives and the colony's Securities and Futures Commission.

The proposal's rejection by a vote of 10 to 9 led Sir Piers Jacobs, the financial secretary, to pledge that the securities commission would implement the government's changes unilaterally.

"If the stock exchange can't organize agreement on reforms itself then obviously we will have to consider a statutory move," he said. "I don't think we can shrink from this now."

David Nendick, Hong Kong secretary of monetary affairs, said that in order for reforms to be in place in time for the exchange's next governing council election at the end of the year, regulators must begin taking statutory action within the next few days.

The government's ultimatum brings to a climax a long-simmering

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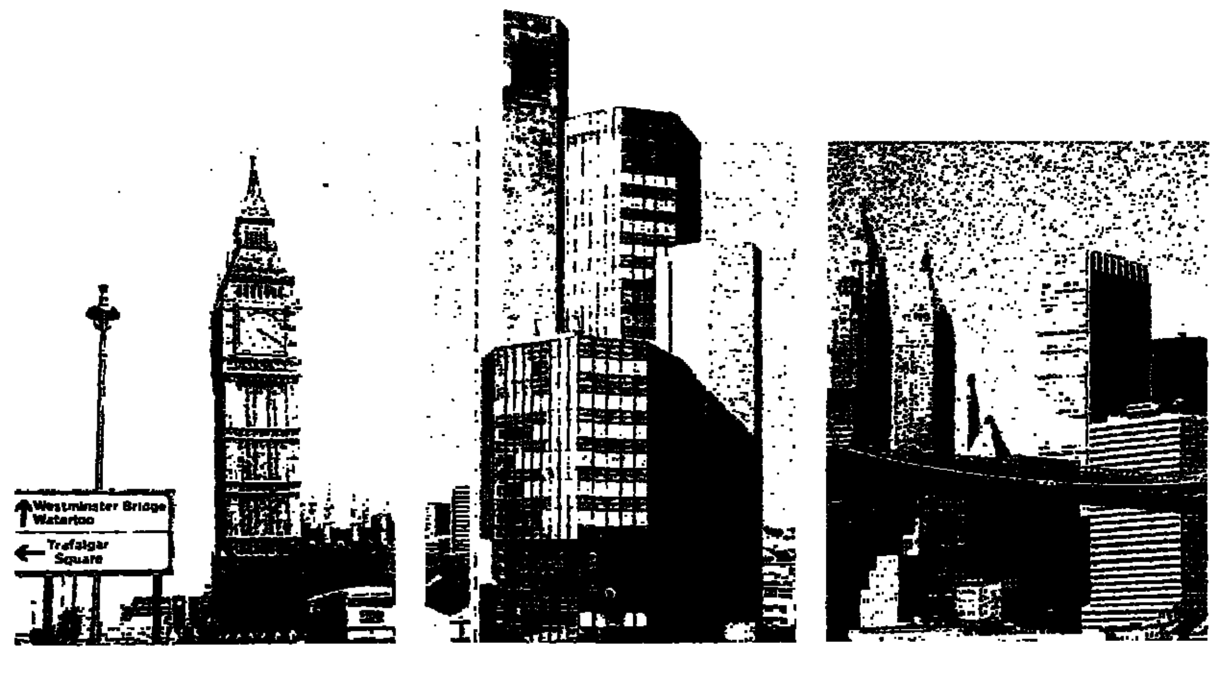
Results
that strengthen us
for the future



Hessische Landesbank recorded a particularly successful year in 1990, which was marked by favorable growth and a significant improvement in profitability. The balance sheet total rose by 8.5% to DM 82.4 billion and business volume grew by 8.1% to DM 84.4 billion. Lending to customers, up by 10.9% to DM 35.1 billion, was the key to growth. As a result of an above-average increase in income from ordinary operations with a modest rise in ordinary expenses, partial operating profit increased by 44.6% to DM 162.5 million.
Out of net income of DM 46.5 million, DM 20 million was allocated to the revenue reserves. After extensive risk provisions and income taxes, the remaining distributable income of DM 26.5 million will, as in the past, be used to pay a net dividend of 5%. Including capital from profit-participation certificates of DM 265 million, Helaba's total capital and reserves, including unchanged share capital of DM 530 million, now amounts to DM 1.711 million.

Financial Highlights	1989	1990
	(in DM million)	
Business volume	78,085	84,446
Balance sheet total	75,964	82,395
Total credit volume	56,799	60,762
Customer loans	31,682	35,125
Partial operating profit	112	162
Capital and reserves	1,691	1,711
Distributable income	26	26

Helaba Frankfurt
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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. July 5

Dollar Straights

Governments / Supranationals

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
AIDC	8¾	96	97¾	8.95	+84
Asian Dev Bk	11⅝	93	107¼	7.95	+64
Asian Dev Bk	8	96	96	8.94	+77
Asian Dev Bk	9⅞	99	103¾	9.17	+79
Austra Wheat	9½	93	102⅝	8.17	+82
Australia	11½	95	109⅝	8.76	+86
Australia	11	93	107½	8.63	+81
Australia	11⅝	98	112	9.26	+90
Australia	11¼	00	108½	9.80	+118
Austri Control	8¾	93	100⅞	7.46	+38
Austri Control	9¼	94	103¼	7.97	+41
Austri Control	12	94	110¼	8.17	+69
Austri Control	9	95	102½	8.23	+34
Austri Control	8¼	96	99¼	8.44	+82
Austri Control	9⅝	00	101⅞	8.90	+47
Austri Control	8½	01	97½	8.88	+42
Austri Postspa	10½	94	105¼	8.28	+78
Austria	10	98	104¼	9.15	+88
Austria	11⅛	95	108¾	8.42	+78
Austria	9⅝	93	103¾	7.78	+78
Austria	9⅛	94	102	8.35	+76
Austria	7¾	96	95¼	8.84	+78
Austria	9¼	96	101½	8.86	+74
Austria	7¾	97	94⅝	8.51	+31
Austria	8½	00	98	8.83	+42
Austria	8⅝	00	98½	8.88	+47
Austria	8½	03	96⅞	8.92	+44
Austria	9½	96	102	9.22	+73
B C Hydro	11⅜	93	107¼	8.06	+69
B F C E	7⅝	93	99½	7.57	+46
B F C E	8⅝	94	101⅛	7.95	+35
B F C E	9¼	95	102⅞	8.38	+43
B F C E	9⅝	96	103½	8.79	+75
B F C E	7⅝	96	97⅝	8.40	+48
B F C E	7¼	97	97⅝	8.23	+2
Belgium	8½	93	101⅛	7.57	+45
Belgium 2	9¼	93	101¼	7.51	+36
Belgium	8	97	97½	8.56	+37
Belgium	8¼	98	99¼	8.81	+47
Belgium	9⅝	98	103⅞	8.86	+51
Belgium	9¼	10	100½	9.11	+69
C A E C L	9⅝	95	102¼	8.69	+77
C B A	10	93	103¼	8.72	+82
C B A	9¼	93	102¼	8.86	+82
C C C E	11⅜	97	108	9.70	+133
C C C E	12⅝	95	109½	9.28	+159
C C C E	9¼	95	103.025	8.23	+48
C C C E	8¼	99	99⅝	8.80	+48
C E P M E	7⅝	96	95¼	8.99	+92
C N E	11⅛	95	109½	8.52	+78
C N T	8½	93	101	7.76	+69
Canada Treas	10	95	105⅜	8.29	+34
Canada Treas	9	96	102⅜	8.23	+20
Council Europe	7¾	93	100¼	7.45	+34
Council Europe	8¾	94	100⅝	8.45	+86
Council Europe	9⅝	98	102⅝	8.45	+42
Council Europe	8	96	98⅝	8.34	+21
Cr Foncier	7½	94	99½	7.72	+35
Cr Foncier	9¼	95	103.025	8.36	+43
Cr Foncier	9½	99	103⅝	8.87	+49
Cr Natl	8¼	93	101⅛	7.50	+40
Cr Natl	7¾	94	99⅞	8.80	+49
Danish Exp Fin	10⅝	95	104¼	9.36	+141
Denmark	11½	93	107	8.15	+81
Ferrovie Stato	8½	93	101¾	7.38	+28
Ferrovie Stato	9⅝	09	101¾	8.91	+52
Fin Exp Cr	11⅝	94	104½	8.39	+86
Fin Exp Cr	8¼	93	101⅞	7.80	+52
Fin Exp Cr	7⅝	93	99¾	7.75	+69
Fin Exp Cr	9⅝	95	103⅛	8.45	+52
Fin Export Cr	7½	93	100⅝	7.42	+23
Finland	12⅛	94	110½	8.47	+81
Finland	7½	93	99¼	7.87	+64
Finland	9	96	101⅞	8.52	+43
Finland	7⅝	96	94⅝	8.92	+77
Finland	7⅝	97	95¼	8.98	+79
Finn Export Cr	7¼	94	99½	7.96	+44
Gel Co	7⅝	97	94¼	8.95	+75

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Hungary Dev	10½	00	97	11.03	+259
I A D B	10⅝	95	107⅛	8.17	+48
I A D B	9⅝	95	105⅝	8.41	+42
I A D B	8⅝	95	100⅝	8.32	+34
I A D B	7⅝	94	96⅝	8.53	+30
I A D B	9½	00	103⅝	8.96	+54
Ind Dev Bk Ind	10	96	92	12.25	+415
Interfin Co	8⅝	93	100⅜	7.74	+64
Interfin Co	9⅝	95	103.050	8.37	+47
Interfin Co	8⅝	96	101⅛	8.46	+34
Interfin Co	8⅝	98	97½	8.75	+42
Interfin Cred	7⅝	93	99½	7.98	+78
Ireland	9⅝	96	101½	8.94	+91
Ireland	9½	00	101	9.31	+69
Italy	9	93	102⅞	7.46	+28
Italy	8½	94	101⅝	8.06	+41
Italy	9½	95	103⅝	8.35	+41
Italy	9⅞	96	101½	8.70	+67
Italy	9⅝	97	102⅝	8.78	+54
Italy	9⅝	99	103⅝	9.01	+64
Italy	8⅝	01	98½	8.99	+54
J F M	7⅝	96	95⅝	8.85	+73
Jap Airl	10⅝	98	104½	9.92	+158
Jap Airl	11	93	102⅝	8.58	+155
Jap Airl	11	97	105	9.66	+157
Jap Airl	12½	94	110⅝	8.34	+80
Jap Airl	12⅝	94	112⅝	8.44	+87
Jap Airl	8⅝	96	97	8.91	+87
Jap Airl	8⅝	96	96	9.07	+87
Jap Airl	8	96	98¼	8.97	+86
Jap Dev Bk	10	96	105⅝	8.53	+44
Jap Dev Bk	9¼	93	104.075	7.57	+39
Jap Dev Bk	8⅝	94	102⅝	7.92	+32
Jap Dev Bk	8	94	100⅝	7.92	+39
Jap Dev Bk	9⅝	95	103	8.49	+55
Jap Dev Bk	8⅝	95	101⅝	8.16	+43
Jap Dev Bk	8⅝	96	100⅝	8.62	+35
Jap Dev Bk	8½	96	98⅝	8.82	+77
Jap Dev Bk	9¼	97	102½	8.78	+41
Jap Dev Bk	9½	97	103⅝	8.67	+48
Jap Dev Bk	8⅝	01	96⅝	8.94	+48
Jap Fin Corp	7⅝	95	101⅝	8.21	+45
Jap Fin Corp	10½	95	106⅝	8.69	+74
Jap Fin Corp	7⅝	96	105	8.50	+47
Jap Fin Corp	9⅝	97	105⅝	8.93	+55
Jap Fin Corp	9¼	00	104½	8.97	+55
Jap Fin Corp	8½	01	97⅝	8.92	+46
Jap Highway	9⅝	96	104.025	8.48	+58
Jap Highway	7⅝	96	95¼	8.85	+75
Jap Highway	9½	00	107⅝	9.08	+56
Jap Highway	9⅝	00	101⅛	9.16	+74
Jap Highway	9⅝	97	98⅞	8.91	+65
Jap Highways	8⅝	96	101½	8.52	+35
Kansai Int Air	7	96	100⅛	8.92	+76
Kansai Int Air	9½	97	103⅝	8.70	+42
Kansai Int Air	8½	98	98⅝	8.85	+58
Kobe City	8⅝	97	98½	9.14	+75
Kobe City	9⅝	00	100½	9.16	+73
M F A B C	11⅜	05	108	8.46	+118
Malaysia	9½	96	99	9.73	+157
Manitoba	12½	94	110¼	8.71	+106
Manitoba	7½	96	93⅝	9.14	+105
Metro Tokyo	12⅝	94	111½	8.42	+84
Metro Tokyo	10⅝	95	104⅝	8.76	+67
Metro Tokyo	9⅝	93	103⅝	7.55	+37
Metro Tokyo	9½	93	103⅝	7.20	+16
Metro Tokyo	9¼	94	103⅝	7.98	+28
Metro Tokyo	9¼	95	102⅝	8.31	+45
Metro Tokyo	8¼	96	99⅝	8.45	+29
N Brunswick	8	96	95¼	9.24	+121
N I B	9	93	102½	7.61	+47
N I B	9¼	95	102½	7.87	+70
N I B	8⅝	93	100⅝	7.88	+88
N I B	7½	93	99¼	7.88	+67
New Zealand	8½	93	100⅝	7.93	+86
New Zealand	8¼	93	100⅝	7.89	+80
New Zealand	8	93	100⅝	7.85	+71
New Zealand	9	94	101⅞	8.25	+64
New Zealand	8	97	95½	9.02	+81
New Zealand B	10½	00	103	9.98	+155
Newfoundland	11⅝	95	107	9.01	+125
Nip T&T	9½	95	102¾	8.70	+73
Norg Komm Bkl		94	98⅝	8.41	+71
Norg Komm Bk	7⅝	97	95⅝	8.94	+72
Norway	8⅝	93	101⅞	7.45	+38
World Bk	9⅝	16	98⅝	9.37	+78
World Bk	9¼	16	103⅝	9.37	+78
World Bk Glob	8⅝	99	98⅝	8.78	+38
World Bk Sbo A	10½	95	106⅛	8.61	+74
World Bk Sbo B	10½	95	106⅛	8.61	+74

Banks & Finance

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
ABN x/w	3½	96	79¼	8.96	+88
All Nippon Air	14	94	113½	8.70	+413
All Nippon Air	8¼	96	96¼	7.22	+119
All Nippon Air	9¾	97	100¼	9.21	+107
Amex	11⅝	00	108	10.08	+178
Amex	7⅝	93	98⅝	8.25	+101
Amex Cred	9	93	101⅞	7.97	+78
B N P	8⅝	94	101⅛	8.14	+55
B N P	8⅝	95	101⅝	8.13	+41
Barclays	10⅝	95	105⅛	8.97	+99
Barclays	9⅝	97	99½	9.95	+158
Bayer Vereinsbk	9⅝	96	98⅝	9.08	+104
Bco Lavoro	10	94	102½	8.85	+142
Bco Lavoro	10	95	100½	9.82	+185
Bco Di Roma	10	94	102⅝	8.78	+130
Bergen Bk	9⅝	93	99	9.69	+254
Bfg Finance	9⅝	93	102	8.37	+105
Bk China (Res)	10	95	98	10.58	+265
Bk New Zea	7⅝	93	99½	11.63	+455
Bk Tokyo	10⅝	95	104½	9.04	+110
Bk Tokyo	11¼	95	107¼	9.00	+115
Bk Tokyo	7⅝	93	98⅝	8.24	+89
Bk Tokyo	8	93	99⅝	8.08	+76
Bk Tokyo	8⅝	96	98⅝	8.76	+71
Bk Tokyo	9	00	97	9.51	+108
Bnl (Overs)	10⅝	99	103	9.67	+127
Bot (Cor) Hldg	10	96	100⅝	9.82	+183
Bq Indosuez	9⅝	93	101⅝	8.07	+94
Bq Paribas	7½	96	94⅝	8.92	+71
C N C A	9⅝	93	102¼	8.28	+94
C N C A	7⅝	93	97⅝	8.28	+180
C N C A	7½	94	98⅝	8.02	+60
C N C A	8⅝	94	101¼	8.38	+61
C N C A	7½	96	95⅝	8.69	+68
Canon	9⅝	99	103⅝	9.59	+121
Cariplo	8⅝	98	98⅝	9.02	+67
Christiania Bk	8	96	88	11.30	+319
Cie Bancaire	7⅝	93	99¼	7.87	+72
Cie Bancaire	8¼	94	100⅝	8.19	+65
Citi Sub	10	96	96½	10.98	+296
Citi Sub (Oct)	8¼	93	96½	9.99	+270
Citi Sub (Sep)	8¼	93	97	9.83	+260
Citi Sub Tyrol	8⅝	97	79½	13.60	+531
Citic	9⅝	95	96½	10.61	+264
Citicorp Sub	8	93	97	9.83	+271
Commerzbank	7⅝	93	99½	8.03	+92
Cr Du Nord	8	94	98¼	8.71	+119
Cr Local	8⅝	99	99⅝	8.88	+49
Cr Locale	7⅝	94	99⅝	7.99	+43
Cr Lyonnais	7⅝	93	100	7.74	+53
Cr Lyonnais	9	96	101¼	8.60	+56
Cr Lyonnais	8¼	98	99⅝	8.87	+52
Cr Suisse x/w	4⅝	97	82⅝	8.96	+78
Creditanst	10	99	97⅝	10.03	+145
Creditanst	8	93	99⅝	8.11	+91
Creditanst	9¼	95	101½	8.79	+92
D K B Asia 2	8	93	97⅝	8.83	+76
Daiwa 3	7⅝	93	96⅝	8.65	+129
Debartolo Bk G	9¼	96	98½	9.44	+159
Den Danske Bk	10⅝	99	99	10.42	+285
Den Nor Cr	11⅝	93	101½	10.28	+316
Deut Bk	8¼	93	100⅝	8.04	+96
Deut Bk	8	98	94	9.19	+84
Deut Bk	9⅝	99	103	8.83	+44
Deut Bk Fin	9¼	96	100	9.22	+119
Dic New Zeal	6⅝	95	20	76.24	6846
Dic New Zeal	8⅝	97	45½	-32.94	2467
Dai Bank	7½	96	94¼	9.01	+94
Dai Bank	8⅝	96	96¼	9.08	+95
First Bost Sub	7⅝	96	71	10.18	+210
Fuji Elec	8¼	96	96½	9.17	+112
Fuji Heavy	8⅝	99	96	9.45	+105
Fuji Intl Fin	9¼	93	102	8.22	+94
Fuji Intl Fin	9¼	00	97¼	9.56	+115
Halifax	9½	93	102½	8.85	+92
Halifax	9⅝	95	102	8.70	+92
Hessische Ldbk		96	95¼	9.05	+90
Hill Parker Mer	8¾	97	95¼	9.49	+129
Ind Bk Intl	8⅝	94	101	8.23	+63
Ind Bk Intl	8⅝	96	98½	8.76	+70
Ind Bk Jap	10½	95	105	9.02	+109
Ind Bk Jap	11½	95	108¼	8.87	+106
Ind Bk Jap	10⅝	95	106	8.79	+107
Ind Bk Jap	9⅝	93	102½	8.26	+93
Ind Bk Jap	7⅝	97	95¼	8.83	+67

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Abbey Natl	10¼	94	103	8.93	+145
Abbey Natl	8⅞	93	101	8.16	+108
Abbey Natl	9⅝	94	103	8.37	+96
Abbey Natl Tre	9⅝	93	102	8.30	+107
ABN	9⅝	94	101½	8.54	+95

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
U B S x/w	5½	93	96½	7.93	+87
U B S Fin	9⅝	02	101⅞	8.85	+38
Westb Fin	9⅝	93	103¼	8.25	+101
Westpac	10	96	99½	10.39	+236
Westpac	8	96	90½	10.58	+249
Williams Glyns	11	93	102	9.55	+257
Woolwich	8	94	98⅝	8.62	+116
Yasuda Tst	10½	95	104⅝	9.06	+117
Yasuda Tst	10⅝	98	101	10.03	+167
Yasuda Tst	8½	93	100⅝	8.35	+121
Yasuda Tst	9⅝	93	101⅝	8.39	+123
Soc Gen	9⅝	93	101⅝	8.20	+95
Stand Char	12	96	102½	11.71	+415
Sumit Bank	9⅝	93	102½	8.13	+81
Sumit Chem	10	95	103	9.08	+120
Sumit Intl Fin	9⅝	93	102	8.28	+122
Taiyo Kobe 2	7⅝	94	98	8.62	+123
Tokai Asia	11½	95	107⅝	9.03	+121
Tokai Bank NL	9½	00	97	10.03	+162
Top Finance	9⅝	99	99	10.07	+168
Top Finance	9⅝	00	94½	10.23	+182
Toyo T&B	8	93	99½	8.28	+115
Toyobo Co	8	93	99½	8.28	+115
U B Fin	10⅝	96	101	9.81	+180
U B Fin	10⅝	99	99½	10.20	+183
U B Fin	8	94	99	8.39	+86

Global Corporates

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
A T & T	9	16	93	9.75	+116
Aegon	8	93	99¼	8.09	+80
Aetna Life	9½	95	102⅝	8.48	+76
Aetna Life	7⅝	16	99⅝	7.56	+80
Allianz x/w	10	96	103⅝	9.25	+177
Allied Signal	8	96	84½	10.05	+154
Amer Genl	9	94	98½	9.53	+158
Amer Genl	9⅝	95	100	8.75	+190
Amer Genl	8½	98	90	10.63	+229
Amer Medic	9⅝	93	90	14.49	+461
Amoco	9⅝	16	100⅝	9.69	+109
Assoc Corp	9½	96	100⅝	9.41	+137
Assoc Corp	7⅝	96	93	9.48	+140
Atl Richfield	9⅝	93	102	7.77	+69
Atl Richfield	10¼	00	102⅝	9.77	+135
B P America	10	96	104⅝	8.82	+79
B P America	9⅝	99	103⅝	9.21	+84
B P Capital	10½	94	103½	8.53	+138
B P Capital	9⅝	93	102½	7.75	+70
B P Capital	9⅝	94	102	8.23	+77
Basf x/w	3	01	61	9.24	+78
Basf Fin	8	96	97	8.74	+60
Beatri Fin x/w	10½	94	81	18.93	1131
Bell South Cap	9⅝	93	102⅝	7.84	+55
Bertelsmann	8	93	99	8.44	+111
Betawest	7⅝	93	99¼	8.78	+105
Boots Co	9	97	99⅝	9.07	+88
Bsca Finance	8⅝	98	95¼	9.34	+100
Brit Gas Inf	8⅝	99	98¼	8.67	+28
Brit Oxygen	8⅝	94	95½	9.31	+123
Brit Telecom	8⅝	94	101¼	8.20	+60
Brit Telecom	8⅝	95	100⅝	8.36	+59
Brit Telecom	7⅝	96	96⅝	8.50	+35
Brit Telecom	9⅝	98	102⅝	8.82	+46
Brit Telecom	8⅝	99	99⅝	8.76	+37
C Itoh Fin	9⅝	93	101½	8.41	+125
C P I	8⅝	97	93½	10.29	+208
Campbell Soup	9⅝	93	102	8.18	+81
Campbell Soup	7½	98	91⅝	9.17	+83
Canadian Pacif	7½	96	93	9.35	+127
Canadian Pacif	9⅝	99	102	8.99	+143
Carco	9⅝	93	99½	9.39	+151
Cargill	8¼	97	94⅝	9.47	+127
Cargill	9⅝	16	93	10.01	+142
Chevron Corp	8¼	96	98⅝	8.46	+60
Chrysler Fin	13⅝	94	97	14.88	+613
Chubu Elec P	10½	95	105⅝	8.91	+102
Chubu Elec P	9	97	98⅝	9.22	+108
Chugoku Elec	8⅝	93	100⅝	7.98	+81
Chugoku Elec	8⅝	96	98⅝	9.28	+111
Chugoku Elec	10	96	102	9.28	+120
Ciba-Geigy	7½	94	98	8.37	+96
Colgate-Palm	9½	96	100¼	9.24	+130
Connect Mut	11	95	102⅝	10.14	+224
Conti Rub x/w	9⅝	97	98½	10.87	+179
Daimler N Am	8¼	96	99⅝	8.34	+25
Daimler-Benz	10	99	104	9.24	+86
Dart & Kft B	10⅝	96	105⅝	8.76	+77
Dayton Hudson	8¼	93	97	8.70	+130
Debartolo Fsa	8	94	93	9.78	+163
Degussa x/w	8¼	93	100	8.22	+117
Du Pont	8½	96	99⅝	8.54	+47
Du Pont	8½	98	97⅝	8.91	+57
Dupont	9	94	102⅝	8.87	+49
Dutch St Mines	8½	96	98⅝	8.81	+49
East Kodak	10⅝	95	104½	8.86	+110
East Kodak	7⅝	97	93¼	9.43	+121
Elect Corp N Z	9⅝	96	100⅝	9.24	+111
Electrolux	10	96	102	9.41	+140
Itt Fin	7½	98	93	9.36	+129
John Deere	11⅝	95	107½	9.11	+134
John Labatt	10⅝	95	104	9.26	+140
Kansai Elec P	9⅝	96	101½	8.82	+47
Kansai Elec P	10	96	104¼	8.85	+80
Kbd Dutch Fin	8	94	98½	9.57	+217
Kimberley	12	94	109½	8.61	+93
Kimberley	9⅝	95	103	8.81	+98
Kyushu Elec P	10	96	103⅝	9.10	+105
Kyushu Elec P	8⅝	96	98⅝	9.28	+111
Loews	10	94	102½	9.01	+144
Liberty Mut	9½	93	101⅝	8.20	+91
Liberty Mut	8½	96	97½	9.15	+102
Lincoln Nat	9⅝	95	101½	9.28	+136
Macmil Bloe	9	96	98	10.38	+235

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Macy	11⅝	95	91	15.13	+740
Manuf Life	7⅝	93	99	8.38	+131
Manuf Life	8⅝	97	92½	10.07	+183
Marks Spencer	8⅝	96	98⅝	8.78	+58
Marubeni Int	9⅝	94	100⅝	8.34	+133
Massach Mut'l	7⅝	93	98⅝	8.71	+86
Mazda Motor	7⅝	93	98⅝	8.36	+124
Mcdonalds	10	93	103⅝	7.66	+62
Mcdonalds	11⅝	94	106	8.30	+93
Mcdonalds x/w	2⅝	94	86½	8.31	+79
Mercedes Benz	7⅝	93	98⅝	8.64	+69
Mercedes Cr	7⅝	93	97⅝	7.89	+70
Mercedes Cr	8½	95	99⅝	8.56	+81
Metlife Fund	7⅝	96	94⅝	9.17	+102
Middletown	10½	93	101⅝	8.73	+195
Middletown	10⅝	98	102	10.46	+211
Mitsub Cor	10⅝	95	105	8.90	+116
Mitsub Cor	8⅝	93	100⅝	8.22	+93
Mitsub Cor Aug	10½	95	105	8.98	+110
Mitsub Est	9⅝	93	102½	8.02	+82
Mitsub Est	9⅝	97	100	9.24	+101
Mitsui & Co	9	94	100½	8.79	+115
Mobil Aust	8	94	99⅝	8.16	+57
Mony Fund	8¼	96	92⅝	10.06	+198
Mony Fund	8⅝	97	92	10.01	+179
Motorola	11½	97	107	8.89	+137
Motorola	12	94	108½	8.97	+127
Mount Isa	11	95	99½	11.11	+315
Mtn States	7⅝	96	95⅝	8.86	+78
Mutual Ben	9⅝	96	97⅝	9.98	+198
Mutual Ben	9⅝	98	93	11.36	+284
N A Philips	8	93	98½	8.74	+149
N K K K	7⅝	93	98⅝	8.49	+136
N Z Dairy	8	94	97½	9.04	+154
Neste Oy	9¼	99	98⅝	9.57	+118
Nestle Hol x/w	5⅝	98	84¼	9.02	+68
Nestle Hol x/w	6	98	85½	8.99	+67
New England	11⅝	95	103⅝	10.08	+261
Nip Oil	10⅝	93	103⅝	8.23	+112
Nip Oil Fin	9½	98	99	9.48	+131
Nip Steel	9	93	100⅝	8.46	+137
Nip T&T	7½	94	99	7.91	+69
Nip T&T	8½	93	100	8.48	+50
Nip T&T	9⅝	95	103	8.38	+61
Nip T&T	9½	96	103½	8.38	+56
Nip T&T	9¼	97	102⅝	8.75	+50
Nip T&T	9⅝	98	102½	8.87	+51
Nip T&T	9	99	100½	8.90	+51
Nissan Int Fin	10⅝	95	103½	8.38	+119
Nissan Mot	8¼	93	100	8.71	+112
Nissho Iwa	10½	94	102½	9.40	+190
Nissho Iwa	9⅝	93	102	8.67	+155
Norsk Hydro	9	94	100½	8.74	+131
Norsk Hydro	9¼	94	100	9.28	+182
Norsk Hydro	9⅝	95	102½	8.99	+126
Norsk Hydro	8	96	94½	9.47	+142
Norsk Hydro	8½	97	94	9.64	+143
North Telecom	9¼	93	102	8.21	+94
Olymp & York	10⅝	95	89	13.78	+580
Olymp & York	8¼	96	80	14.11	+599
Osaka Gas	8¼	93	99½	8.51	+132
P S E G Co	9⅝	96	101¼	9.37	+130
Pac Gas Elec	12	08	109⅝	9.71	+153
Panasonic Fin	9⅝	94	102	8.05	+60
Pennzoil	9	93	101¼	8.20	+109
Pepsico	8	93	100⅝	7.79	+71
Pepsico	7⅝	93	99½	7.78	+66
Philip Morris	8⅝	96	99.050	8.87	+75
Philip Morris	9¼	93	102	8.16	+96
Philip Morris	10	95	102	9.48	+142
Philip Morris	9⅝	98	100⅝	9.69	+137
Philips Lamp	8¼	96	97	9.09	+158
Phoenix Mut	10⅝	96	99⅝	10.80	+265
Proct Gamble	10	95	102½	9.22	+137
Proct Gamble	9½	98	101¼	9.11	+80
Proct Gamble	9⅝	01	102⅝	9.16	+72
Prudential	10⅝	93	104¼	7.98	+80
Prudential	12⅝	95	105⅝	8.84	+180
Prudential	8	93	99½	8.21	+93
Prudential	8¼	94	100⅝	8.35	+98
Ralston Purina	11⅝	95	107¼	9.37	+158
Ralston Purina	12	96	107¼	8.79	+148
Reed Publ	9	93	100⅝	8.78	+102
Reed Publ	9	96	99⅝	9.18	+106
Reed Publ	9¼	97	101¼	9.34	+110
Renstee! Overs	11½		41	n.a.	
Reynolds	10⅝	93	99	10.74	+357
Rio Tinto-Zinc	11⅝	93	106	8.40	+130
Roche Hold	3½	01	63⅝	9.22	+76

Third World

Dollar Zeros

Issuer	Mat	Price	Yld Mat	Spd Trsy
Amer Hospital n.a.	00	48½	10.45	+173
Amer Intl Gp	04	38½	9.49	+58
Amer Medic	97	26	24.74	1629
Amer Medic	98	15	18.45	+983
Armx	98	42	9.45	+91
Asian Dev Bk	04	31⅝	9.28	+37
Atl Richfield	92	96	7.43	+106
Austria	95	72¼	8.38	+31
B N P x/w	92	93⅝	7.80	+122
B P Capital	95	72⅝	8.54	+59
Baker	92	95	8.57	+207
Beatrice Foods	92	94½	10.13	+374
C C C E	92	94½	7.27	+71
C C C E	93	87⅝	7.82	+69

Issuer	Mat	Price	Yld Mat	Spd Trsy
C C C E	94	80	8.27	+48
C C C E	95	73⅝	8.52	+36
C C C E	96	66⅝	8.86	+62
C C C E	97	60½	9.04	+63
C C C E	98	55	9.18	+63
C C C E	99	49⅝	9.47	+82
C C C E	00	44⅝	9.56	+85
C C C E	01	40⅝	9.59	+83
C C C E	02	37	9.64	+84
C C C E	03	33⅝	9.71	+86
C C C E	04	30½	9.71	+82
C C C E	05	27⅝	9.73	+80
C C C E	06	25⅝	9.74	+87
C C C E	07	23	9.74	+80
C C C E	08	20⅝	9.81	+86
C C C E Prin	09	19	9.78	+81
Campbell Soup	92	95½	6.07	-7
Caterpillar	92	92½	7.83	+108
Caterpillar	94	81⅝	8.41	+85
Ccor Inf Cert	09	19	9.78	+81
Centrust	10	11	12.40	+364
Chemical Ny 92	92	95	8.92	+250
Chemical Ny 93	93	86½	9.90	+243
Chemical Ny 94	94	78	10.04	+247
Chemical Ny 95	95	70	10.42	+257
Chemical Ny 96	96	62½	10.76	+258
Chemical Ny 97	97	55	11.27	+288
Chemical Ny 98	98	49	11.42	+287
Chemical Ny 99	99	43½	11.58	+272
Chemical Ny 00	00	38	11.97	+321
Chemical Ny 01	01	34	11.98	+315
Chemical Ny 02	02	30½	11.85	+306
Chemical Ny 03	03	27	11.95	+311
Connect Mut	08	39⅝	10.59	+186
Crocker	92	95⅝	8.17	+173
Denmark	91	97½	7.32	+134
Denmark	98	54⅝	8.85	+27
Deut Bk Fin	95	216	8.38	+55
E D F	94	77⅝	8.19	+51
Exxonfin	94	77⅝	8.21	+62
Exxon Cap	04	30½	9.31	+39
First Fed	05	22⅝	11.12	+220
Florida Fed	95	65⅝	11.10	+380
Gaz De Fra	92	95⅝	7.20	+76
Gaz De Fra	94	81⅝	7.97	+42
Gen Ele Cr Int	92	96	6.97	+54
Gen Ele Cr Int	93	88⅝	7.80	+73
Gen Ele Cr Int	94	81⅝	8.09	+52
Gen Ele Cr Int	95	74⅝	8.49	+61
Gen Ele Cr Int	96	65⅝	8.88	+59
Gen Mills	04	28½	10.86	+115
Gen Mills	13	12½	9.86	+71
GMAC Oct	92	91⅝	7.63	+88
GMAC Ov Feb	92	96	7.46	+110
Gulf Oil	92	95½	7.41	+96
I A D B	96	65⅝	9.04	+77
I A D B	02	36	9.25	+52
I A D B	05	25	9.40	+46
I A D B Dec	08	21⅝	9.29	+83
I A D B Jun	97	58⅝	9.38	+95
I A D B Jun	98	54⅝	9.26	+69
I A D B Princ	98	20⅝	9.42	+46
I F F	93	84⅝	8.25	+112
I S E C Mar	97	53	11.81	+341
Marubeni	95	71	8.90	+83
Middletown	10	220	3.51	-545
Mutual Ben	06	21⅝	11.12	+219
N I B	94	77⅝	8.21	+53
New England	99	46⅝	10.57	+192
Olymp & York	96	51½	14.26	+598
Penney Jc	94	80⅝	8.54	+97
Pepsico Cap	92	96	7.51	+114
Pepsico Cap	94	80⅝	8.42	+85
Philip Morr Cr	94	78⅝	8.41	+99
Prudential	99	51	9.37	+72
Reynolds	92	94	10.46	+422
S B C Cay	97	58⅝	8.86	+37
S E K Mar	94	81⅝	8.10	+52
S E K Sep	94	77⅝	8.19	+51
Sears July	98	51⅝	9.97	+139
Sears Overs	92	95⅝	7.63	+120
Sears Overs	94	77⅝	9.13	+153
Siemens x/w	01	42⅝	9.06	+28
Sth Aust Govt	94	75½	8.72	+99
Suntory	93	86	8.26	+109
Transamerica	11	98⅝	11.71	+375
Victorian P A	99	47½	9.32	+84
Whitman Fin Co	94	70	13.34	+574
World Bk	98	55¼	9.17	+62

Floating Rate Notes

Deutsche Marks

Ecus

Issuer & Mat	Price	Crt. Cpn.
Staatsbk a Apr-96	100	9.23
Staatsbank Ber Aug-93	100	9.22
Ubf Feb 2000	98⅝	9.06
Union Finland 96	94½	8.00
Wells Fargo 95	91½	8.00

Pounds

Issuer & Mat	Price	Crt. Cpn.
Abbey Nat 11.625 95	100⅝	11.43
Abbey Nat 13.375 95	105⅝	13.38
Adb 11% 11-apr-2001	99⅝	11.00
Adb 9.5% 1/7/97	94⅝	9.50
Aldc 10.5% 28/3/99	96	10.50
Al & Leic 11.375% 97	99	11.38
All & Leic 11.25% 94	99¼	11.25
All & Leic 11.625 94	100⅝	11.63
All & Leic Jul 93	97½	11.57
All & Leic Jul 94	97½	11.96
All & Leic Jul 96	98⅝	11.88
All & Leic May 95	97⅝	11.69
All & Leic Sep 93	99⅝	11.50
All Lei 14.25% 5/95	108⅝	14.25
Amp(uk) 13% 11/15	107⅛	13.00
Anglia 96 Sep	99	11.46
Anglia 98 Jan	97⅝	12.06
Anglia Wat 12% 1/14	102⅝	12.00
Asda-mfi 10.875 10	87¼	10.88
Asda-mfi 9.625 Apr02	83⅝	9.63
Astinop 12% 14/3/96	103	12.00
Ass Br Pts 10.875 15	87⅝	10.88
Austria 10.375% 3/99	97½	10.38
Austria 9% 27/3/93	97¼	9.00
B gas 10.875% Mar-01	99⅝	10.88
B telecom 13.75 93	103⅝	13.75
B/ham Midshire Mar95	99⅝	11.48
B/ham Midshire Sep98	99¼	11.38
Bao 11.75% 31/3/16	99¼	11.75
Barclays 12.75% 97	105⅝	12.75
Barclays 9.5% 93	97¼	9.50
Barclays Bk 10.25 97	96⅝	10.25
Blue Cir 10.75% 13	87⅝	10.75
Bao 11.375% 28/1/94	100⅝	11.38
Bo America 9.5 May94	96⅝	9.50
Bp 9.75 Apr03	98⅝	9.75
Bp Dev 11.25% Apr-01	99½	11.25
Br Aerosp 10.75 14	88¼	10.75
Br Airways 10.8 98	91⅝	10.80
Br Airways 10.875 08	91⅝	10.88
Br Airways 9.5 May97	90½	9.50
Brad & Bing Apr 98	99⅝	11.38
Brad & Bing May 94	99½	11.44
Brad & Bing Oct 99	97½	12.88
Brad & Bing Oct-97	98⅝	11.33
Brad Bing Jun-95	99½	11.31
Bris & West Aug 94	99½	11.63
Bris & West Jul 93	99½	11.43
Bris & West Oct 92	99⅝	12.00
Brit Aero 11.875% 08	99½	11.88
Brit Gas 12.75% 2/95	104⅝	12.75
Brit Gas a 12.75 95	104⅝	12.75
Brit Gas Plc 13% 93	103⅝	13.00
Brit Lnd 12.5% 3/16	108⅝	12.50
Britannia Feb 95	97½	11.79
Britannia May 94	97⅝	12.87
Britannia Oct 93	99⅝	11.38
Britannia Oct 96	99	11.98
Ccce 10.625% 8/3/01	97⅝	10.63
Chelt & Glou May 95	99⅝	11.71
Chelt/glouc Mar94	99½	11.44
Cie Bancaire Mar 95	99⅝	11.71
Cms 11 Jun 2028	97⅝	11.95
Cms a 31-oct-27	98½	12.06
Cms 7 a1	98⅝	11.79
Cms 7 a2	97¼	11.89
Cms 7 a3	99	11.99
Cms 8	99½	11.90
Cnt 10% 27/2/97	96⅝	10.08
Coll Mort Sec No1 a1	99½	11.48
Coll Mort Sec No1 a2	99½	11.56
Coll Mort Sec No1 a3	98⅝	11.57
Coll Mort Sec No2	99	11.55
Coll Mort Sec No3 a	98⅝	11.64
Coll Mort Sec No4	98⅝	12.86
Coll Mort Sec No5	98⅝	11.64
Commerzbk 10.75% 94	99	10.75
Cr Local 10.875% 96	99¼	10.88
Cr Local 11% Apr-94	100	11.00
Cred Lyon 10.75 94	99⅝	10.75
Daimal 10.75% May-96	99⅝	10.75
Jap Dev Bk 9.25 93	97½	9.25
John Lewis 10.25 06	88⅝	10.25
John Lewis 10.5 14	88⅝	10.50
Land Sc 9.5 Apr07	81¼	9.50
Leeds 10.5% 21/4/98	93½	10.50
Leeds 9.25% 28/5/93	96⅝	9.25
Leeds Pbs 11.5% 3/96	100⅝	11.50
Leeds Perm 94 Oct	99⅝	12.02

Issuer & Mat	Price	Crt. Cpn.
Leeds Perm 96 Mar	99½	11.41
Leeds Perm 98	98⅝	11.31
Leeds Perm Feb 1997	99	11.73
Lloyds Bk 10.25 98	93	10.25
Lucas Ind 10.875 20	87⅝	10.88
Maes 2 May 2017	99	11.71
Maes No 1 Jul 18	98⅝	11.57
Marks Spenc 9.75% 93	98½	9.75
Mepc 10.25 Apr03	86¼	10.25
Mepc 9.875 Apr04	83⅝	9.88
Mfc 1 Mar 2028	97⅝	11.80
Mfc 2 Aug 2023	99⅝	11.72
Mfc 3 Oct 2023 c1	99⅝	11.55
Mfc 4 a1	99⅝	11.98
Mfc 4 a2	99⅝	12.18
Mgt 12.375% 24/7/94	102⅝	12.38
Milk Mkt Bd 93	99½	11.44
Mort Sec 1b Jan-23	97⅝	12.37
Mort Secs 1	99	12.11
Mort Secs 2	98⅝	11.41
Nat Ang 12.5% Nov-08	106½	12.50
Nat Mut 10% 15June93	96⅝	10.00
Nat Provincial 02/99	98½	11.69
Nat Provincial Mar96	99⅝	11.50
Nat West 12% 9/92	102⅝	12.00
Nat West Dec 2009	94	11.75
Nationwide 10.125% 93	98⅝	10.13
Nationwide 13.625 94	104⅝	13.63
Nationwide b/s 93Feb	99⅝	11.53
Nationwide b/s 95Oct	99½	11.31
Nationwide b/s 96Jul	99¼	11.98
Nationwide b/s 96Oct	99⅝	11.64
Nationwide Bs Jun-95	99½	11.48
Natwide Ang 11.25 97	97	11.25
New Zeal 9.5% 4/93	97⅝	9.50
New Zealand 9.625 95	95⅝	9.63
New Zealand Aug 97	99¼	11.63
Nhl 1 Sep 13	99⅝	11.45
Nhl 2 Oct 14	99⅝	12.09
Nhl 3 Nov 14	99	11.46
Nhl 4 Oct 15	99⅝	12.09
Nib 11.375 Feb 96	101½	11.38
Nip T&T 10.875% 5/01	98⅝	10.88
Northern Rock 92	99⅝	11.75
Northern Rock 95	99¼	11.94
Norway 10.5% 14/2/94	99⅝	10.50
Nsbs 10% 18/4/93	97⅝	10.00
Ontari Hyd 11.125 01	100	11.13
P & o 11.5 Jul14	92½	11.50
Pearson 10.5 Jun08	86⅝	10.50
Prud Fin 9.375% 07	86½	9.38
Psk 10.75% 01	98⅝	10.75
Rbs 10.625 Mar98	95	10.63
Resid No 1 May 18	99	11.91
Resid No 2 Jul 18	99	12.14
Rol Roy 9.625% 7/93	96⅝	9.63
Sears 12.5% 01/96	102⅝	12.50
Sek 10.375 Mar 96	98⅝	10.38
Sek 12% Jun 94	102⅝	12.00
Sek 9.5% Apr 93	97⅝	9.50
Sek a 10.375 Mar 96	98⅝	10.38
Seibu Ew 4.25% 6/93	86½	4.25
Srl Mort Notes No1	98⅝	11.45
Stars 1 Plc Dec-29	99	11.73
Sweden 11.25 Mar 95	100⅝	11.25
Sweden 8.75 May 96	92⅝	8.75
Sweden 9.375% 3/93	97½	9.38
Sweden 9.5 Apr 97	94½	9.50
Temple Court No 1	97⅝	12.06
Temple Court No 2 a2	99⅝	11.48
Temple Court No2 a1	99⅝	11.52
Tmc No 01 Sep 14	99⅝	11.63
Tmc No 02 Nov 14	99⅝	11.75
Tmc No 03 Apr 15	99⅝	12.19
Tmc No 04 May 15	99⅝	11.75
Tmc No 05 Sep 15	99⅝	11.73
Tmc No 06 Oct 15	99¼	12.14
Tmc No 07 Nov 15	99¼	11.72
Tmc No 08 Dec 18	99⅝	11.70
Tmc No 09 Feb 19	99	11.72
Tmc No 10 Jan 19	97	11.48
Tmc No 11 Mar 29	99¼	11.45
Tmc Pimbs 6 Aug-28	98¼	11.44
Tmc Pimbs 6 Frn 1/29	99¼	11.64
Tmc Pimbs No 1	98½	11.57
Tmc Pimbs No 2	98½	11.99
Tmc Pimbs No 4a	99⅝	11.99
Tmc Pimbs No 4b	98½	12.86
Tmc Pimbs No 5	98⅝	12.07

Dollars

Issuer & Mat	Price	Crt. Cpn.
Citicorp Perp 2	77	6.50
Citicorp Sep 96	98½	6.25
Citizens Mar 96	99⅝	7.83
Columbus s&l 96	99½	6.31
Comalco 93	99⅝	6.19
Comerica Jun 97	94	6.31
Commerzbk Aug93	99½	6.56
Commerzbk Feb 93	99⅝	6.13
Cont Ill Jun 94	92	6.38
Council Of Europe 93	99¼	6.31
Creditop 93	99½	6.38
Crossland Dec 97	99⅝	6.56
Csfb Perp	77	6.31
Den Danske Bank Perp	90	6.44
Denmark Aug 96	99½	4.50
Die Erste Oest 92/94	99¼	7.32
Die Erste Oest Apr92	99½	6.69
Dnc Perp	67	6.63
Dnc Perp (Cmtv)	66⅝	6.65
Dresdner Fin 91	97⅝	6.88
Dresdner Fin 92	100¼	6.88
Dresdner Fin 93	100¼	6.63
Eab 92	97	6.13
Eab Dec 93	95	6.63
East River Aug93	99½	6.11
Eni 93	97⅝	6.25
Eq Bcorp o/s Fin 94	48	6.44
Equit Dho Dec-89	93	7.18
Ferrovie Feb 94	100½	6.88
Ferrovie May 97	99⅝	6.52
Fidelity Fed Oct 92	99⅝	6.31
First Bk Syst 98	98	6.19
First Bk Syst 96	91½	6.19
First Bk Syst 97	91⅝	6.19
First Boston 11/94	99¼	6.31
First Chicago 92	99¼	6.16
First Chicago 96	96¼	6.25
First Chicago 97	91½	6.25
First Chicago Dec 96	92	6.38
First City Texas 95	45	6.44
First Inter Dec 95	38⅝	6.31
First Interstate 94	96	6.70
First Union 11/96	95½	6.19
Fleet Financial 98	89	6.29
Fst Fed Mich May 95	99⅝	6.06
Great Lakes s&l 97	99⅝	6.56
Grindlays 92	99½	6.88
Grindlays 94	98	6.81
Gt Amer'n 1st Sav 92	99⅝	6.56
Gt Western 89/94	99⅝	6.75
Gt Western Fin 95	98⅝	6.38
Gzb Perp	78	6.44
Hill Samuel Perp	82	6.44
Hong Kong Perp 1	73¼	6.88
Hong Kong Perp 2	73¼	6.38
Hong Kong Perp 3	72¼	6.91
Household Jun96	99¼	6.34
Hydro Perp	92½	6.81
Ibi Frn Mar-94	99¼	6.63
Ibm Cred Carp Dec 95	75	6.31
Ibrd Perp	99¼	6.69
Ireland Jun 98	97⅝	6.44
Isveimer (Pp) Feb 95	98	6.63
Isveimer 92	100	6.44
Italy Dec 00	100½	6.38
Jp Morgan 1997 Dec	97¼	6.24
Jp Morgan 1997 May	98⅝	6.25
Kleinwort Perp	73½	6.56
Lloyds Perp 1	85	6.63
Lloyds Perp 2	84¼	6.25
Lloyds Perp 3	83⅝	6.94
Man Han 30Sept92	97	6.25
Man Han 97 (Mthly)	86½	6.31
Man Han 98	85	6.31
Man Han Aug-96 (Wkly	86	6.44
Man Han Jul-97 (Cap)	86	6.31
Man Han Nov-97	86	6.13
Manufacturers Nat 96	71	6.75
Mar Mid 00	83½	6.31
Mar Mid 09	76½	6.38
Mar Mid 96	98½	6.31
Mar Mid 99	83	6.44
Mar Mid Oct 94	94	6.38
Mcorp 97 (Mthly)	24	6.69
Mellon Bk 96	93	6.19
Mellon Jul 94	96¼	6.26
Mgn Grenfell Perp	71½	7.31
Midland Int 92	99⅝	6.75
Midland Perp 1	72	6.69
Chrysler 92	90½	7.31
Chrysler Apr 94	76	6.31
Cibc 2084	68¼	6.75
Cibc Aug 85	72½	6.75
Citicorp Aug 11	76	6.19
Citicorp Aug96(wkly)	98	4.13
Citicorp Jan 97	89½	6.31
Citicorp Jan 98	89	6.20
Citicorp Jul 97	89	6.31
Citicorp Mar 94	98½	6.50
Citicorp May 98	89	6.19
Citicorp Nov 35	68	6.22
Citicorp Oct 05	78	6.22
Citicorp Oct 96	89¼	6.31
Citicorp Perp 1	99	5.94

Ecus

Issuer & Mat	Price	Crt. Cpn.
Bco Agricoltur Jun93	99⅝	10.13
Belgium Apr 00	99⅝	9.41
Belgium May 99	99⅝	9.69
Bop Aug 96 (Ecu)	99½	9.94
Ccce Feb 06	99⅝	9.59
Cff Apr 96 (Ecu)	100	9.39
Enl 92	99⅝	10.19
Ireland Apr 97	99⅝	9.69
Isveimer 21-nov-95	99⅝	9.71
Italy 30-oct-85	99⅝	9.44
Lavoro Bc Naz Apr 00	98	9.66
Ppcorp 19Sept 97	98	10.25
Renie 91/94 (Ecu)	99⅝	10.44
St-gobain Perp	98	9.81

MUTUAL FUNDS

Figures as of close of trading Friday, July 5.

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

	Bid	Ask
AAL Mutual:		
CaGr p	12.42	13.04
Inco p	9.65	10.13
MuBd p	10.08	10.58
AARP Invst:		
CaGr	24.94	NL
GinlM	15.23	NL
GthInc	25.53	NL
HQ Bd	15.84	NL
TxFBd	16.82	NL
TxFSh	15.19	NL
ABT Funds:		
Emrg p	10.18	10.69
FL TF	10.27	10.78
GthIn p	9.43	9.90
UtilIn p	11.59	12.17
AdsnCa p	18.48	19.85
AEGON USA:		
CapApp	3.96	4.16
HIYld	9.68	10.16
Gwth	5.85	6.14
TaxEx	11.39	11.96
AFA NAv	10.18	10.69
AFA Tele	13.92	14.61
AHA Bal	10.95	NL
AHA LIM	10.08	NL
AIM Funds:		
Chart p	7.70	8.15
Const p	9.91	10.49
CvYld p	11.38	11.74
HIYld p	5.15	5.41
LimM p	9.91	10.09
Sumit	8.93	
Weing p	14.45	15.29
A M A Family:		
ClsGt p	8.05	8.45
GlbGt p	21.57	22.65
GlbIn p	18.42	19.34
USGv p	8.59	9.02
AMEV Funds:		
AslAl p	12.32	12.90
Capitl p	14.83	15.57
CaAp p	15.86	14.61
Fidcr p	23.88	25.01
GvTR p	8.88	9.30
Grwth p	21.45	22.52
HiYld p	7.32	7.66
TF MN	9.78	10.24
TF Nat	10.00	10.47
TF NY	10.59	11.09
US Gvt	9.62	10.07
AMF Funds:		
Cp Bd	9.22	NL
IntlLiq	10.46	NL
MtgSc	10.84	NL
ASO Bd	10.34	10.44
ASO Eq	12.26	12.64
AcornF	39.84	39.84
Afuture	10.91	NL
Advance America:		
EqInc	9.59	10.07
TF In p	9.82	10.31
US Gv p	9.20	9.66
Advest Advant:		
Govt p	8.50	8.50
Gwth p	14.55	14.55
HY Bdp	7.42	7.42
Inco p	10.55	10.55
Spcl p	13.06	13.06
AlgerSCa t	18.41	18.41
AlgerG t	15.87	15.87
Alliance Cap:		
Allian p	5.96	6.31
Balan p	12.04	12.74
Canad p	5.84	6.18
Count p	17.78	18.81
GlbSA p	9.54	10.10
Govt p	7.96	8.38

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Isveimer	$150	1994	3/16	99.95	—	Over 6-month Libor. Noncallable. Fees 0.125%. Denominations $10,000. (J.P. Morgan Securities.)
European Investment Bank	ECU 400	2001	¼	100	99.80	Below 6-month Libor. Callable at par in 1993. Fees 0.25%. (Credito Italiano.)
Fixed-Coupons						
JF Carib ACE	DM 52.20	1995	8½	101¾	—	Noncallable. Fees 1¼%. (Mitsubishi Bank Deutschland.)
African Development Bank	£100	2001	11¼	99.63	100.65	Noncallable. Fees 0.325%. (Baring Brothers.)
AMP (UK)	£100	2001	11½	99.32	—	Noncallable. Fees 0.40%. (Credit Suisse First Boston.)
European Coal & Steel Community	ITL 340,000	1996	11⅛	101½	100.80	Noncallable. Fees 1⅝%. (Banca Commerciale Italiana.)
Exportfinans	ITL 150,000	1996	12¼	101.675	99.90	Noncallable. Fees 1⅝%. (Banca Nazionale del Lavoro.)
European Investment Bank	PTE 20,000	1996	13	101¾	99.80	Callable at 100½ in 1995. Fees 1⅞%. (Banco Portugues de Investimento.)
Petroleos Mexicanos	ECU 100	1994	11½	100.05	—	Noncallable. Fees 1⅝%. Denominations 10,000 Ecus. (Paribas Capital Markets Group.)
Banque Indosuez	FM 200	1996	11½	101.575	—	Noncallable. Fees 1⅞%. (Deutsche Bank Capital Markets.)
Dresdner Finance	SK 400	1995	11	101⅛	100.00	Noncallable. Fees 1⅝%. (Dresdner Bank.)
Eurofima	C$ 225	2001	10¾	101.675	100.15	Reoffered at 100⅛. Noncallable. Fees 1⅝%. (Credit Suisse First Boston.)
Oesterreichische Kontrollbank	C$ 100	1994	10	101.175	100.00	Reoffered at par. Noncallable. Fungible with outstanding issue, raising total to C$250 million. Fees 1⅝%. (IBJ Int'l.)
Vancouver City Savings	C$ 100	1996	10¾	101.55	100.05	Noncallable. Fees 1⅝%. (Hambros Bank.)
Australian Trade Commission	Aus$ 50	1995	11⅜	101.80	100.00	Noncallable. Fees 1⅝%. (Fay, Richwhite Europe.)
Taisei Holland	¥ 10,000	1998	7½	101.70	—	Noncallable. Fees 1⅝%. Denominations 100 million yen. (Yamaichi Int'l Europe.)
Equity-Linked						
Daido Steel	$220	1996	5	100	99.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 569 yen per share and at 140.25 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Japan Steel Works	$150	1995	4	100	100.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 10. (Nomura Int'l.)
Keiyo	$100	1995	4	100	101.75	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 8. (Yamaichi Int'l Europe.)
Mitsubishi Oil	$150	1995	4	100	101.00	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at 938 yen per share and at 140.25 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Nagai Company	$100	1995	4	100	102.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 8. (Nikko Securities Europe.)
Nakayama Steel Works	$120	1996	5	100	98.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 10. (Nomura Int'l.)
Ryosan	$100	1995	4	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 3,793 yen per share and at 139.05 yen per dollar. Fees 2¼%. (Daiwa Europe.)
Sankyo Aluminum Industry	$200	1995	4	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,364 yen per share and at 139.95 yen per dollar. Fees 2¼%. (Daiwa Europe.)
Sumitomo Rubber Industries	$100	1996	5	100	98.75	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 8. (Daiwa Europe.)
Takashimaya	$270	1996	5	100	99.88	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 156.90 yen per share and at 140.25 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Teijin Seiki	$100	1996	5	100	101.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 8. (Daiwa Europe.)
Toa Steel	$160	1996	5	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 126.10 yen per share and at 140.25 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Tokyo Electron	$300	1995	4	100	101.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 9. (Nomura Int'l.)
Toshiba Engineering & Construction	$100	1996	5	100	100.25	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 11. (Nomura Int'l.)
Daiken Trade & Industry	DM 150	1995	4¼	100	97.50	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 820 yen per share and at 77.08 yen per mark. Fees 2¼%. (Daiwa Europe Deutschland.)
Mitsubishi Oil	DM 250	1995	4¼	100	97.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 938 yen per share and at 76.42 yen per mark. Fees 2¼%. (Yamaichi Bank Deutschland.)
Ohtsu Tire & Rubber	DM 75	1995	4	100	—	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 554 yen per share and at 77.03 yen per mark. Fees 2¼%. (Nomura Bank Deutschland.)
Sankyo Aluminum Industry	DM 120	1995	4	100	95.00	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,364 yen per share and at 76.55 yen per mark. Fees 2¼%. (Daiwa Europe Deutschland.)

BCCI Fallout Jolts Abu Dhabi

Emirate May Have to Guarantee Bank System Integrity

Compiled by Our Staff From Dispatches

DUBAI — Abu Dhabi may face huge costs to save its reputation and prevent depositor panic following the shutdown of Bank of Credit & Commerce International SA amid allegations of global fraud, Gulf bankers said.

Luxembourg-based BCCI, which controls about $20 billion worldwide, is 77 percent owned by Abu Dhabi interests, mainly by the family of Sheikh Zayed ibn Sultan an Nahayan, the ruler of Abu Dhabi and president of the United Arab Emirates.

The Bank of England led a coordinated strike Friday by world financial authorities to freeze the assets of BCCI and Bank of Credit & Commerce Overseas.

Gulf bankers saw little impact on other regional banks but said BCCI's large presence in the emirates through the Bank of Commerce & Credit Emirates threatened to undermine local banking confidence and spark a run on the subsidiary's deposits unless the authorities clearly stated they would back the bank.

A news agency in the emirates said Sheikh Zayed left Saturday to spend a few days in Europe but did not say where he was going. Another source said the trip was private, although a report in London said he would meet with officials there concerning BCCI.

Last year, the Abu Dhabi shareholders bailed out BCCI from losses of up to $1 billion, bankers said. The bank's 1989 financial report said the shareholders also committed themselves to maintaining its capital base, which means funding any further losses.

Abu Dhabi has used its banking flagship to handle large amounts of the emirate's oil earnings.

The central bank of the emirates said Friday it saw no irregularities in BCCE operations, but stopped short of saying it would back the bank, and did not say whether it had officially told BCCI to close.

BCCI's eight branches around the emirates were closed Saturday, but the 17 Bank of Commerce & Credit Emirates branches were open.

BCCI Bahrain said it would not operate after the Moslem weekend. BCCI Oman officials could not be reached for comment.

An estimated 10 percent holding in BCCI by the Abu Dhabi Investment Authority could cause difficulties with other Arab banks, but Gulf bankers expected no major impact on regional financial markets outside the emirates.

The Bank of Commerce & Credit Emirates "has no financial problems and it will continue to serve its valued depositors, customers, and clients," said the bank's chairman, Sheikh Nahayan ibn Mubarak an Nahayan, who is Sheikh Zayed's cousin.

A senior source at the bank said there had been no run on the bank's 5.09 billion dirhams ($1.3 billion) of customer deposits. "We have been surprised," he said.

Some Bank of Commerce & Credit Emirates stockholders wanting to get out could find no buyers, brokers in the emirates said.

BCCI owns 40 percent of the Bank of Commerce & Credit Emirates, which has around 1 billion dirhams of its depositors' money banked with BCCI, bankers said. *(Reuters, AFP)*

ITT Executive Is Seen Heading Continental

Reuters

HANNOVER, Germany — The supervisory board of German tiremaker Continental AG is likely to select Hubertus von Grünberg, an executive at ITT Corp. in the United States, to become Continental's chief executive, sources said during the weekend.

They said a decision on Mr. von Grünberg would be made Tuesday at the earliest, when Continental's board meets.

If appointed, Mr. von Grünberg would succeed Wilhelm Winterstein, who took over in May after Horst Urban was forced out. Mr. Urban had opposed teaming up with rival tiremaker Pirelli SpA.

Before joining ITT, Mr. von Grünberg, 48, was employed at the German auto industry supplier Teves GmbH, sources said.

The Continental board meeting Tuesday is expected to center on talks on cooperation between Continental and Pirelli. The two companies resumed talks in May after a bitter takeover battle.

Executives and technical experts from both firms are discussing finance, legal issues and tire production, Leopardo Pirelli, the chairman, told his company's shareholders' meeting last month.

German Funds Seen Stable

Reuters

DRESDEN, Germany — Switzerland and Austria have not noticed any unusual influx of capital after a German court ruled Bonn must tighten taxes on investment earnings, their finance ministers said.

Otto Stich of Switzerland and Ferdinand Lacina of Austria, both in Dresden for a regular meeting with their German counterpart Theo Waigel, told journalists Saturday no unusual movements of capital had been noticed since the ruling on June 27.

Share prices slumped on the Frankfurt stock exchange last week after the constitutional court ruled Germany must introduce controls on investment earnings by 1993 to ensure all taxpayers are treated equally.

Bankers said the result could be an exodus of German capital.

Italy Restricts Cash to Slow Laundering

Reuters

ROME — Italy will restrict cash movements of more than 20 million lire ($15,000) beginning Monday in a bid to stop crime syndicates from laundering money through the banking system, the Treasury Ministry said Sunday.

All transactions of greater amounts will have to be made through recognized intermediaries, a spokesman said.

A government proposal to establish a data center to keep track of large or suspicious cash movements is still bogged down in parliament.

Police believe Italy's relatively secretive banking system is being used by the Mafia to disguise the proceeds of crime, especially cash from drugs deals.

But a data center, which would involve banks reporting thousands of transactions daily, has met opposition from the banks themselves and from the Senate, which sees it as an infringement of personal liberties.

BCCI: *U.K. Seeks Cash for Bank*

(Continued from page 1)

statement would be issued after the meetings.

In Abu Dhabi, where BCCI has its central offices, employees and customers were still waiting for an official response. Business at the eight BCCI branches in the emirates has been halted.

"Inquiries by clients have almost stopped, because they received assurances they will get their money," a banking source said. "It is safe here, but I don't know what will happen to depositors in other countries."

Hundreds of people in Pakistan besieged BCCI branches and withdrew millions of dollars from local branches, despite pledges that their money was safe. Armed police were posted outside the main branch in Karachi to control 400 customers demanding their money.

Pakistan's central bank has so far disregarded the international move against the bank. BCCI was founded in 1972 by a Pakistani banker, Agha Hassan Abedi, who resigned in 1990 after undergoing heart surgery two years earlier.

He declined to say how much money had been withdrawn but said it was limited to small holdings.

In London, a spokesman for the Bank of England said the Abu Dhabi royal family had injected capital into the bank in the past "and it is hoped they will do so again."

The money would be used to help ensure the orderly termination of the bank's operations.

Court-appointed liquidators moved in over the weekend to investigate BCCI's 25 British branches, but warned that it might take some time to unravel the bank's complex financial affairs.

Customers with pound deposits in the British branches can apply for compensation from the Bank of England's deposit protection fund. This provides for compensation equal to 75 percent of a customer's savings with a maximum payout to any one depositor of £15,000 ($24,000).

In Luxembourg, where BCCI is based, a court will place the bank in the hands of liquidators on Monday to unravel its affairs, said Pierre Jaans, director of the Luxembourg Monetary Institute.

BCCI informed the Japanese Finance Ministry that it would voluntarily suspend operations of the Tokyo branch beginning on Monday. *(Reuters, AFP, AP)*

WALL STREET REVIEW

Figures as of close of trading Friday, July 5

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
RJR Nb n	65977	10⅞	10⅜	10½	
PepsiC s	64551	29¾	28⅞	29½	+ ⅛
AT&T	59429	39⅜	38½	38⅞	+ ⅜
PhilMr	53576	66⅜	63⅞	65¾	+2½
AmExp	50289	23⅜	21⅞	22	— ½
BnkAm	49437	36⅜	33	34½	—1¾
Tenneco	47046	40⅜	33⅞	35¾	—4¼
TelMex n	46880	27½	25¾	27⅛	+1½
GnMotr	45553	42⅝	41⅛	42⅜	+1¼
IBM	43063	99⅜	97⅛	98⅝	+1½
WalMt	38751	44⅛	43	43¾	+1
FedNM	37629	50⅜	49	50⅛	+ ⅜
GenEl	36923	75⅜	73½	73¾	— ⅝
Exxon	36591	57⅞	57	57½	— ⅜
BlockE s	35467	8⅞	8⅛	8⅞	+ ⅜
Citicorp	35014	14⅞	14	14½	— ⅜
FInIste	33803	29¼	25⅛	26¾	—4⅝
SecPac	33082	23½	20½	21⅛	—1⅜
Waste	32582	37⅝	36⅜	37¼	+1⅛
Hanson	32367	16⅞	16½	16¾	+ ⅛
GTE	32286	30¼	29⅜	29⅞	+ ⅛
CPsvc	31917	30½	28	29¾	—1¼
Compq	31612	33⅝	31¼	33¾	+2½
Pfizer s	30869	56½	55⅝	56	+ ½
JohnJn	30345	84⅝	81¾	84½	+1

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
EchoBy	35452	10⅛	9½	10	+ ⅛
BAT In	8934	12	11⅞	12	+ ⅛
EksNk wt	8721	9⅞	7⅞	9⅞	+ ⅝
DowC rt	8556	8⅛	7⅛	8⅛	+ ¼
MetMB	8429	16⅞	15⅛	16¾	+1¼
Amdhl	7649	15¼	14⅝	14¾	+ ⅛
PW Nk pwt	7612	9⅛	8	9⅛	— ⅛
A-ott2 sc	7258	10¼	9⅞	9¾	+ ¼
Wthfrd	7224	5	4⅞	5	
CarnCr	6093	21⅛	19⅞	21½	+ ⅛
PallCo s	5964	37½	36⅛	36½	+ ⅜
Epitope	5709	16½	14⅛	15¾	—2⅜
FruitL	5277	15¼	14⅞	15	
Hasbro	5025	28¼	27¼	27½	— ¼
SNk 193wt	4867	19⅜	16⅞	19⅜	+ ⅜
MLDM pwt	4573	5	4½	4¾	+ ¼
ViacB n	4434	27¼	26⅝	26⅝	— ⅛
PennTr	4345	24⅝	23½	23¾	—1¼
A-dd sc s	4343	12⅛	11¼	11¾	+ ¾
WangB	4154	3¾	3⅝	3½	— ¼
ENSCO	4018	3	2⅞	2¾	— ⅛
ForstL s	3806	38½	36¼	37⅝	+1⅜
Dk Nk wt	3744	20¼	17⅞	20⅛	+ ½
FAusPr	3691	10⅞	9⅞	10⅝	
ChDvA s	3601	27⅞	26⅝	27⅛	+ ⅛

NYSE Sales

	Sales Vol.
Total for week	535,310,000
Week ago	889,264,870
Year ago	130,200,000
Two years ago	68,870,000
Jan 1 to date	23,379,840,000
1990 to date	20,170,020,000
1989 to date	20,413,860,000

AMEX Sales

	SalesVol.
Totalforweek	37,080,000
Weekago	56,070,000
Yearago	9,850,000
Jan1todate	1,654,220,000
1990todate	1,801,910,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1061	640
Declined	824	1316
Unchanged	328	276
Total Issues	2213	2232
New Highs	98	56
New Lows	51	83

AMEX Diaries

	This Wk	Last Wk
Advanced	377	249
Declined	343	533
Unchanged	218	187
Total Issues	938	969
New Highs	34	17
New Lows	26	41

FRANCE: *Inflation News Doesn't Fix Other Problems*

(Continued from first finance page)

consumer," said David Roche, chief investment strategist for Morgan Stanley in London. "And that would only exacerbate France's chronic trade deficit in manufactured goods by drawing in even more imports."

Moreover, under the surface, there is a great deal of anxiety about whether the predicted upturn will soon materialize.

"The mood in French business is extremely gloomy at the moment. Nobody wants to take big decisions on major purchases or other new investments," one business analyst said. "The fear is that if the government doesn't cut interest rates by September at the latest, the economy will deteriorate really sharply."

The fear surfaces most clearly in the recent revival of Japan-bashing in France, led by Prime Minister Edith Cresson but by no means limited to her.

Some French leaders, in trying to overcome their industrial difficulties, sound as if they would like to flirt again with the traditional *dirigiste* temptations. That would almost certainly backfire. With some exceptions, the areas in which France has actively tried to develop industry, such as electronics and automobiles, are the ones that are now weakest and most insistent on government support or protection.

But it is unlikely France will be able to make a decisive shift back to its old habits. Not only is the EC Commission standing in the way, the government also lacks the resources to salvage its ailing industries.

That is one reason, paradoxically, while the recent economic slump may turn out to be a blessing in disguise. With tax revenues falling, France is tightening its belt rather than marching off once again to the beat of a different drummer.

"There is no question of going back," said a top French economic official. "Even if someone wanted to do that, we couldn't afford a lot of money, anyway. So what would be the point?"

Effects of Job Data Likely to Linger

Compiled by Our Staff From Dispatches

NEW YORK — The U.S. Treasury market is likely to feel some lingering twinges this week from the June employment report, economists said.

"The week's highlight will be an adjustment" to the job report, said Neal Soss, the chief economist at First Boston Corp.

U.S. CREDIT MARKETS

"I wouldn't rule out further selling pressure," said William V. Sullivan Jr., senior vice president at Dean Witter Reynolds.

The June jobless rate rose to 7 percent from 6.9 percent in May and payrolls fell 50,000. But the data also showed gains in the manufacturing work week, overtime hours and hourly wages in June.

Doug McAllister, a sales manager at Prudential Securities Inc., said the market may wake up Monday and decide it had overreacted to the job data.

The benchmark 30-year Treasury bond closed off 27/32 at 95 31/32, pushing its yield to 8.5 percent from 8.42 percent Wednesday, before the U.S. holiday Thursday.

"While the overall numbers were more or less neutral, the bond market chose to focus on the numbers of hours worked and wages paid last month, and the bond market did not like what it saw," Mr. Sullivan said.

Not only will the auctions of about $42 billion of seven-, five- and two-year notes, and one-year bills add to the supply of Treasury debt issues, but the market also faces the Treasury's quarterly refunding auctions the first week in August.

On Wednesday, the Treasury will conduct its auction of $9 billion in seven-year notes. The sale will generate about $4.1 billion in new cash for the Treasury.

On Friday, the market will see data on retail sales and wholesale inflation in June. *(Reuters, NYT)*

EAST:

Price of Change

(Continued from first finance page)

tion and Development, the Paris-based group of industrial nations that promotes economic growth, projected that Czechoslovakia's economic output would fall 9 percent this year, after a 3 percent drop last year.

The group predicts Hungary's economic output will shrink by 3 percent this year after a 5 percent drop last year.

Poland's output fell by 13 percent last year, after its radical economic program took effect, but this year it is expected to grow 2 percent, thanks to the nation's growing private sector.

■ Bonn Urged on Subsidies

Finance Minister Vaclav Klaus of Czechoslovakia urged Germany on Sunday not to damage export prospects for economically struggling East European states by heavily subsidizing exporters in former East Germany, Reuters reported from Dresden, Germany.

Germany's finance minister, Theo Waigel, said his Czechoslovak, Polish and Hungarian counterparts at a meeting in Dresden made no specific request for cuts in export credits, but Mr. Klaus said credits provided to exporters in Eastern Germany gave them an advantage over other East European concerns trying to sell in the Soviet market.

EXCHANGE: *Changes Planned*

(Continued from first finance page)

dispute between regulators and a group of local brokers who dominate the exchange's 22-member ruling council.

After the October 1987 stock market crash, when Hong Kong was the only international exchange to temporarily suspend trading, a government commission concluded that the exchange was run as "a private club."

A series of government-initiated changes, including the formation of the Securities and Futures Commission and the ouster and subsequent conviction on bribery charges of Ronald Li, the exchange chairman, succeeded in restoring a measure of public confidence.

But much of the former governing structure remained intact. In May, regulators stepped in when the council moved to revive the practice of giving council members preferential allotments of new issues, the very practice that was abused by Mr. Li.

The SFC used its sweeping powers to nullify the council's vote and forced the resignation of the resolution's chief sponsor, Philip Wong, fomerly a strong Li ally.

The incident gave the SFC new impetus to implement changes, including conversion of the exchange to a nonprofit entity and new rules on the selection and composition of the management council.

Currently, a system of proxy voting allows a group of small, relatively inactive local brokers to control the council while the 30 largest brokers who do more than 60 percent of the exchange's volume are virtually unrepresented.

The government maintains that these inactive brokers are not "forward-looking" and are reluctant to spend the exchange's surplus of 226 million Hong Kong dollars ($29 million) surplus to modernize and introduce "more varied and sophisticated financial techniques and products."

The switch to non-profit status, the government argues, will insure that the surplus is used to develop the exchange to the highest international standards and not be divided up among its 688 members.

After several months of tough negotiations, the SFC and the exchange's top executives reached an accord late last week.

Details of the agreement have not been released, but sources close to the negotiations said the accord would have increased the management council to 29, adding a number of nonbroker members and insuring that brokers of all stripes were fairly represented.

Since the compromise plan was defeated by a single vote, some believe a turnaround is possible. "There is a window," Mr. Nendick said.

Euromarts At a Glance

Eurobond Yields

	July 3	June 26
U.S. $, 8 yrs & over	9.07	8.95
U.S. $, 5 to 7 yrs	8.55	8.44
U.S. $, less than 5 yrs	7.94	7.96
Pounds sterling, less than 5 yrs	11.32	11.33
French francs, less than 5 yrs	9.51	9.58
Ital. lire, less than 5 yrs	12.00	11.89
Danish kroner, less than 5 yrs	9.96	9.85
ECU, 8 yrs & over	9.19	9.26
ECU, 5 to 7 yrs	9.22	9.27
Can. $, less than 5 yrs	10.45	10.46
Aus. $, less than 5 yrs	11.79	11.74
N.Z. $, less than 5 yrs	10.61	10.77
Yen, 5 to 7 yrs	7.20	7.07
Yen, less than 5 yrs	7.35	7.37

Source: Luxembourg Stock Exchange.

Weekly Sales

July 4

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	241.80	1,107.00	916.20	1,398.30
Convert.	134.40	22.70	235.70	31.50
FRNs	—	231.80	29.80	727.50
ECP	4,657.60	2,573.60	7,596.40	3,014.80
Total	5,033.80	3,935.10	8,777.30	5,172.10

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	7,358.10	17,081.30	14,735.80	20,439.10
Convert.	405.10	575.70	1,303.70	419.50
FRNs	4,455.30	1,480.30	5,874.80	2,882.40
ECP	5,418.50	3,871.30	4,269.30	3,258.00
Total	17,829.00	22,928.60	26,182.60	27,179.00

Source: Euroclear, Cedel.

Libor Rates

July 5

	1-month	3-month	6-month
U.S. $	6 1/16	6 3/16	6½
Deutsche mark	9	9 3/16	9¼
Pound sterling	11 7/16	11 3/16	10 15/16
French franc	9¾	9¾	9 11/16
ECU	9 15/16	10 1/16	10⅛
Yen	7½	7⅛	7½

Sources: Lloyds Bank, Reuters.

U.S. Treasury Bonds

July 5

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
30.06.93	99 30/32	100	7.03	6.90
15.05.94	98 21/32	98 31/32	7.43	7.28
31.05.96	99 16/32	99 18/32	8.00	7.89
15.04.98	98 7/32	98 9/32	8.22	8.12
15.05.01	97 25/32	97 27/32	8.33	8.23
15.02.06	107 16/32	107 20/32	8.47	8.40
15.08.20	96 1/32	96 3/32	8.49	8.41

Source: Salomon Inc.

U.S. Consumer Rates

July 5

Tax Exempt Bonds Bond Buyer 20-Bond Index	n.a.
Money Market Funds Donoghue's 7-Day Average	5.50 %
Bank Money Market Accounts Bank Rate Monitor Index	5.13 %
Home Mortgage, FHLB average	9.42 %

Source : New York Times Service, UPI.

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LIBERTY ALL-STAR WORLD PORTFOLIO
Société d'Investissement à Capital Variable
2, boulevard Royal, Luxembourg
R.C. Luxembourg B-25904

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING

of shareholders of LIBERTY ALL-STAR WORLD PORTFOLIO, will be held at the offices of Banque Internationale à Luxembourg, Société Anonyme, 69, route d'Esh, L-1470 Luxembourg, on July 26, 1991 at 11:00 a.m. with the following agenda:

1. **Submission of the Report of the Board of Directors and of the Auditors;**
2. **Approval of the Statement of Net Assets at March 31, 1991 and the Statement of Operations for the year ended March 31, 1991. Appropriation of the net results;**
3. **Discharge of the Directors;**
4. **Receipt of and actions on nomination of the Directors;**
5. **Miscellaneous.**

Resolutions on the agenda of the annual general meeting will require no quorum and will be taken on a simple majority of the votes expressed by the shareholders present or represented at the meeting.

In order to attend the meeting of LIBERY ALL-STAR WORLD PORTFOLIO the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg.

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Denmark	D.Kr.	3,400	968	1,900	1,050
Finland	F.M.	2,200	1,440	1,200	660
France	F.F.	1,700	1,394	935	515
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— *hand delivery	D.M.	810	282	416	217
Great Britain	£	175	98	96	53
Greece	Dr.	57,000	23,080	31,400	17,300
Ireland	£Irl.	195	133	107	59
Italy	Lire	450,000	350,800	250,000	138,000
Luxembourg	L.Fr.	12,000	8,020	6,600	3,600
Netherlands	Fl.	650	533	360	200
Norway (airmail)	N.Kr.	3,000	1,348	1,650	900
— *hand delivery	N.Kr.	3,200	1,168	1,760	970
Portugal	Esc.	40,000	25,320	22,000	12,100
Spain (mail)	Ptas.	40,000	22,700	22,000	12,100
— **hand deliv. Barcelona Bilbao, Sevilla, Valencia	Ptas.	43,500	20,200	24,000	13,200
— **hand deliv. Madrid	Ptas.	54,600	—	27,300	13,650
Sweden (airmail)	S.Kr.	2,600	1,404	1,430	785
— *hand delivery	S.Kr.	3,100	904	1,700	935
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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, July 5.

			Sales in 100s	High	Low	Close	Net Ch'ge
A							
A&W Bd	.40	1.1	2154	36½	35¼	35½	+¼
ABS	.32	5.1	68	6¼	5¾	6¼	+½
ACC Cp	.16	1.7	57	9½	9½	9½	—⅛
ADC			2447	42¾	39¾	42¾	+3
ADT	†		24779	10½	9¾	10⅜	+⅜
AEL			130	6½	5⅞	6½	+⅝
AEP			104	14	12½	13	—1½
AESCo			7281	20¾	19¾	19¾	—⅜
ASK			3989	8½	7¼	8⅛	+⅛
AST s			18645	21¼	19½	20¾	+½
AarnRt	.18	1.0	9	10¼	9½	10¼	
Abrams	.20	6.7	13	3	3	3	—¼
Accel	.24	2.9	206	8⅝	7⅞	8¼	—½
Aclaim			1487	3½	3¼	3½	+⅜
Aceto	.28	2.2	5	12¾	12	12¾	+¾
AcmeSt			78	15	14	15	+1
ActARt			412	1½	1¼	1⅜	+⅛
Acxiom			396	11	10½	10½	—½
AdacLb			3610	1¾	1⅝	1⅝	—⅝
Adage s			15	7½	7¼	7½	—¾
Adapt			738	12½	12	12½	+⅜
Adingt s			4505	7½	6	7½	+⅝
AdiaSv	.16	.8	352	20½	19¾	20	—½
AdobeS	.32	.7	16451	46¼	43	43⅞	+⅝
Adtec			527	2¼	2¼	2¼	
AdvRos			140	9⅞	9	9⅝	+⅜
AdvCir s			537	8⅝	8⅜	8⅝	+¼
AdvLog			2365	12¾	11½	12¼	—⅛
AdvMag			160	27	21½	23½	+1
AdMkSv			89	2⅝	2⅜	2⅜	
AdvPoly			2423	4⅝	4⅛	4⅜	+⅜
AdvPro			5890	8	7½	7⅞	
AdvSem			384	4⅛	3⅝	3¾	—¼
AdvTel			2717	23	20¼	21	—1
Advanta	.20	1.2	5959	17	16	16½	+⅛
AdvoSy			3915	19⅞	18⅛	18⅞	+1
AegisG	.25e	3.9	22	6⅜	6¼	6⅜	+¾
Aegon	1.63r	2.9	88	56⅝	56⅛	56½	—1⅜
Aequtrn			67	3¼	2⅞	3¼	+¼
AerSysl			234				+
Aerovx			792	7⅛	7	7	
AfBcCp			1	½	½	½	
AfBsh	.08e	.4	502	18¼	17¾	18	+⅛
AgncyR			6326	8⅝	7¼	7⅞	
Agnico g	.20	3.9	816	5¼	4⅞	5⅛	—⅞
Agourn			178	14	13¼	13¼	—¾
Ahold			122	39⅞	39½	39¾	—¼
Alcorp			366	6½	5⅝	5⅝	—¾
AirMd			1363	9⅞	9	9½	+¼
AirWisc			629	9¾	9	9¼	—⅞
Airtran	.20	2.2	160	9¼	9¼	9¼	—⅞
Akorn	.07	2.9	624	2¾	2⅜	2⅜	+⅛
Akzo	1.37e	4.9	1176	28	27½	27⅞	+⅛
Alaten	1.10	7.6	38	15¼	14½	14½	—½
Aldus			9561	40¾	37½	37¾	
AlexBr	.28	1.9	1272	15¼	14⅛	14⅞	+⅜
AlexBld	.88	3.7	3231	24½	23½	23½	—¾
AlfaCp	.44	3.8	170	12¼	11¼	11½	—½

			Sales in 100s	High	Low	Close	Net Ch'ge
BioTcG			6448	4⅝	3⅞	4⅛	+⅛
BirdCp	.30e	2.2	198	13¾	13¼	13¾	—⅛
BirdMd			113	5½	4⅞	4⅞	
Birtchr			2762	13	11¼	12½	+1½
BlackI	.35e	4.0	9	9¼	8¾	8¾	
Blau			138	1½	1⅜	1⅝	—⅛
BlocDv			1747	6	5¼	5⅝	—⅛
BlckD	.80b	1.5	19	54½	53	54½	—½
BoatBn	2.12	5.2	3421	40⅞	40	40⅞	+⅜
BobEvn	.26	1.4	4485	19	18¼	18⅞	+⅛
Bohema			1408	18½	17⅞	18¼	—¼
BonvlP			673	2¾	2⅛	2⅜	—⅛
BooleB			118	10	9	9	—⅞
BoonEl			74	2¾	2½	2¾	+⅞
Borel	.35e	7.0	9	5	5	5	
Borlnd			12745	46⅞	43	44⅛	+1⅛
BostAc	.40	1.2	61	32¾	31¼	32½	—¼
BostBc	.60	3.2	132	18⅝	18⅜	18⅝	
BstnDig	1		16	2⅞	2⅜	2⅜	—⅛
BstnFB			939	2¾	2⅛	2⅜	
BostTc			1293	3½	3⅛	3⅜	+⅛
BlvdBc			291	13¼	12¾	13¼	+⅜
BradyW	.48	1.4	67	36¼	35¼	35½	—¾
Brantre	.09t		5	2¾	2¾	2¾	—⅛
Braids			20	1½	1½	1½	+⅝
Brand s			3733	18¾	15⅞	17⅞	+1⅞
Brandn s	.24	3.4	501	7⅞	7	7	—1¼
BrndSv			37	⅞	⅝	⅞	
Brkwt g			133	½	⅜	⅜	
Bronco	.20	2.8	376	7¾	6⅞	7¼	+⅜
Brendle			308	3⅝	3	3¼	—¼
BrdgF s	.16	1.0	5	17½	16	16	
BriteV			66	5⅞	5¼	5⅝	+¼
BroadN	.58	7.3	45	8⅞	8	8	—⅞
Bdcstln			966	12½	11⅜	11⅞	—½
BdwyFn			34	2½	1½	2½	+¼
Brktree			1267	14⅜	13	13	—1½
BrTom			60	3⅝	3⅜	3⅝	+⅛
Brunos	.18	1.0	12248	19¾	18⅞	18⅞	—¾
BrynMw	.60	3.0	2	28	20	20	
Buffet			1909	30½	29½	30½	+½
BuildT			342	8⅛	7½	7½	—⅜
BuilRGd			383				
BurnpS			546	8⅝	8⅜	8½	—⅛
BurrBr			52	8⅝	8¼	8¼	—⅜
Burritt			113	3¼	3	3¼	+¼
BusnRc			58	16¼	15½	15½	—½
ButlrMf			8	15¾	15	15	—¾
Bytex			1516	11⅞	11⅜	11⅜	—⅛
C							
CA Shrt			33	4¼	4¼	4¼	
CB T s	.48	4.2	24	12½	11½	11½	+⅛
CBL Med			385	5	4⅜	4⅜	—⅜
CBL wt			332	2⅛	2	2⅛	—⅞
CCA			933	1	⅞	⅞	—
CCB s	1.52	4.3	18	36¼	34¾	35	—¾
CCNB	.80	4.6	124	17¾	17¼	17¼	—⅜
C COR			568	6½	5⅞	6½	+1
CEM s			174	11¼	10½	11	+⅜
CFS	.15e	3.0	307	5¼	4⅞	5	
CFSB Bc	.17e	1.5	50	11½	11	11	
CIS Tch			1853	7⅛	6⅝	6⅞	—⅛
CK FSv	.40	3.0	127	13½	12½	13½	+2½

			Sales in 100s	High	Low	Close	Net Ch'ge
Cornuco			281	½	⅜	⅜	—⅛
CeCapit			3953	¼	⅛	⅛	—⅛
CoraStl			98	9¼	8¾	9	—¼
CorctCp			253	5⅞	5⅝	5⅝	—¼
CosmCtr			6	8⅝	8⅛	8⅝	+⅜
Costar			28	31½	29	30½	—1
Costco s			13132	43¼	40¼	42	+1
CtnSLt	.28	3.7	1	7½	7½	7½	
CtryLk			145	10½	9½	10½	+1
Courer	.40	3.1	1	13	13	13	—½
CousPr	.60	4.3	449	14¼	13¾	14	+¼
Cvntry			394	16¾	16	16	—⅝
Covngt			312				—
CrkBrl	.03	.1	8836	34¼	31½	34	+2½
Critmic			28	2⅛	2⅛	2⅛	—⅞
Cragin			7822	15¼	14⅜	15	+¼
CrayCm			13435	12⅞	10⅝	12	+1⅜
Crenwk			6397	18½	16	17¾	+1½
CrstInd			209	3	2⅝	2⅝	—⅞
Crestar	1.32	6.7	2849	19¾	19	19¾	+⅞
CrstFn			118	3⅝	3⅜	3½	+⅛
Critlcre			2387	6¼	5⅝	6¼	+⅝
CropG			102	4	3¾	4	
CropG pf	.95	13.6	185	7½	7	7	—½
CrosTr			9793	5⅞	5⅜	5⅛	
CrwnAn			118	15	13¼	14	
CwnBk			5	20	19	20	—¼
CrwnRs			1513	10⅞	10⅝	10½	
CulinFr			563	9	8	8	—⅝
Cule	.12	1.2	89	10¼	9⅝	10	
CumbFd	.48	4.7	67	10⅜	10	10⅜	+¼
CupNBk	†		15	9½	9¼	9¼	—1
CurTch			9490	10	7¼	10	+2¼
Cybertk			144	12⅞	12¼	12¼	+¼
Cygnus			820	12¾	11¾	12¾	+¼
Cytocre	†		825	2⅜	1⅞	2	
Cytogn			4241	16½	14⅞	16	+1¼
Cytgn pf	2.50	4.3	67	57½	56½	57½	+1
D							
D&N Fn			144	3⅝	3¼	3⅝	—⅛
DBA			156	2⅞	2½	2½	—¼
DDI			89	3¼	3	3¼	—⅛
DEP			1195	8⅝	8	8¼	+⅛
DF Sou	.20e	2.4	578	8⅝	6⅞	8¼	+⅜
DH Tch			436	9¾	9	9	—⅛
DNA Pl			726	5⅝	5	5⅛	+⅛
DOC			14	5½	5½	5½	+⅜
DS Bnc	.60t	8.6	119	7	6½	7	
DSC			31254	7⅝	5⅝	6¼	—1¼
DVI Fn			1883	8⅝	7⅝	8⅛	—½
DVI wt			80	3⅞	3¼	3⅜	—⅛
Dahlbg s	.05t	.4	418	15¼	13¾	14⅛	—⅜
DlyJour			20	15	13⅝	13⅝	—⅜
DairyB s			25	7⅛	7⅛	7⅛	—¼
DairyA s			580	7½	7	7⅜	+⅛
Doka			647	⅝	½		
DamonG			435	10	9⅜	9⅜	—¼
Danek			1537	28¼	26½	27	
DartGp	.13	.2	285	69	66¼	66¼	—½
Dta 10			1171	5	4½	5	+⅞
DtaMea			23	1⅛	1⅛	1⅛	—⅛
DtSwtch			130	2⅜	2⅛	2⅛	—⅛
DtaTrn			237	5⅞	4⅜	4⅜	—¼
Datfix			841	11½	10⅝	11¼	
Datkey			38	7	7	7	
Datmar			1	4½	4½	4½	
Datscp			1406	63	59½	62½	+2½
Dtasth			32	1⅜	1½	1⅜	+¼

			Sales in 100s	High	Low	Close	Net Ch'ge
FtIntBc	.40	5.3	1	7½	7½	7½	
FInIowa	.20	3.6	752	6	5⅜	5⅜	
FtLbty			104	5¼	4⅝	4⅝	—⅜
FtMerc	1.12	4.7	188	24¼	23	24	+⅜
FtMch	.40b	3.2	420	19¼	18⅝	18⅝	
FMidBc	.52	2.8	790	19¼	18	18½	—¼
FMWA	.20	2.3	21	9	8⅝	8⅝	
FNtGa	.80	4.2	93	19	17⅝	19	+⅜
FNDela	.80b	3.5	26	23	22	23	+1⅛
FtNYBu			315	2⅛	1⅜	1⅜	—¼
FNthSB	.72	4.6	7	16½	15½	15½	—½
FtOak	.60	2.4	4	24½	24½	24½	—1½
FPeoFn	1.50	6.7	90	22½	21½	22½	+½
FtSvBk	†		354	4⅝	4⅝	4⅝	
FSecC s	.92	4.4	2087	23¼	20½	21	—2
FtScKy	.52	4.2	1655	12¼	10⅝	12½	+1½
FScFn s	.28	2.7	12	11	10½	10½	—¼
FstSeis			683	5½	4⅝	5⅝	+⅜
1stSrc	.52b	1.9	78	27⅝	26⅜	27⅝	+1¼
FtStFin			98	2½	2⅜	2½	+⅜
FTenn	1.68	5.1	3659	33⅞	31½	33	+1⅛
FtUtd	1.00	3.9	5	25⅝	25⅝	25⅝	—1⅝
FtWBc	1.10	5.3	109	21	20	20⅞	+⅜
FtWFn	.09t		515	4⅝	4⅝	4⅝	
FtFdFn			23	15	15	15	
FtMiss			187	3⅞	3½	3⅞	+⅛
Fstbkll	.88	3.6	236	24⅝	24¼	24¼	
Fiserv s			1016	27½	26¼	27¼	
Flagler	.24r	3.0	2	8½	8⅛	8⅛	+⅜
FlagFn	.40	3.5	1757	12½	11	11½	+½
Fleer	.10e	.5	912	22½	21⅜	21⅜	—1½
Flexstl	.48	4.4	161	11	10	11	+1
FlaEIns	.28	2.2	90	13⅛	13	13	—½
FlaFst			7	⅜	⅜	⅜	
FlowInt			1432	2⅜	2⅜	2⅜	
FdLioB	.15	.8	5458	18	17⅜	18	+¼
FdLioA	.15	.8	2890	18⅛	17½	17⅞	+⅜
Footlnd	.16	2.2	91	7⅜	7	7¼	+¼
ForAm	1.08	6.4	323	17½	17	17	—½
ForestO	.11t	9.8	2947	1⅜	1	1⅛	
FrstO pf	.53t	11.2	175	5¼	4⅞	4⅞	—½
Forsch			263	9	8¼	8⅝	+⅜
FtWyne	1.08	4.0	327	28⅜	27¼	27¼	—1
Fortls			2910	10¾	9¼	10	+⅞
FortnF	.30	3.2	93	9½	9	9½	+½
vlForum			728	⅛		⅛	+
Foster			99	3⅝	3¼	3¼	—¼
FrthFn	.88	4.7	785	19	18¼	18⅝	+¼
FramSv			107	1⅞	1⅜	1⅜	—⅛
Frnkld	1.32	7.8	34	17	16	17	+1½
FrnkEl			95	16½	16	16	—½
FrkEPb			20	5⅝	5⅝	5⅝	
FrnkFst	.64	6.0	54	11⅛	10⅝	10⅝	—½
FrnkSB			47	7¼	6½	6½	—½
Fremnt	.88	4.1	992	24½	21¼	21½	—2¾
Fretter			155	6⅛	5⅝	5⅝	
Freym			42	7	7	7	
FulrHB	.62	1.4	3522	46½	43	44⅝	+2
Fulton	.80	4.7	154	17	16¼	17	
Furon	.24	2.0	787	12½	10⅞	12¼	+1
FutNow			2087	10⅝	10¼	10⅝	
G							
G&K	.10	.7	675	14⅝	14	14¼	
GBC Bc	.32b	1.7	384	19	18⅛	18⅝	—⅛
GNI			171	5⅜	4⅝	4⅝	—⅛
GNW s	.20b	1.1	91	18⅝	18	18½	+½
G-III			91	3⅞	3⅝	3⅞	+¼
GV Med			125	2¾	2	2⅛	

(Continued on next page)

WORLD STOC

Via Agence France-Presse

Amsterdam

In another week of low volume, the CBS all-share index fell [illegible] points to end last Friday at [illegible].

Total turnover reached [illegible] billion guilders, of which [illegible] was equities. The previous week totalled 6.2 billion guilders, with 2.3 billion of equities.

Frankfurt

Some semblance of calm returned to the Frankfurt stock exchange last week, with the DAX index close on Friday [illegible] only 0.21 percent down on the week, and the Commerzbank index up 2.3 points at [illegible].

The previous week had been hit by events in Yugoslavia and a decision on taxing capital income.

Traders said the signs of an economic uptake in the United States and the interest-rate cut in Japan had failed to impress the German market last week, but Dresdner Bank's predictions of stronger medium-term profits should [illegible]

Volume for the eight German markets averaged just over 25 billion Deutsche marks during the week against [illegible] billion DM the previous week.

Hong Kong

Share prices shot up at the end of last week after Britain and China finally agreed on conditions for Hong Kong's new airport.

The Hang Seng index gained [illegible] points in the week to close Friday at [illegible], a new high for the year.

Average daily turnover soared to [illegible] billion Hong Kong dollars from the previous week's [illegible] [illegible] by a net inflow of funds from foreign institutions eager for a part of the massive airport plan. Volume on Friday — 2.4 billion dollars — was the heaviest since

NASDAQ NATIO

OTC Consolidated trading for week ended Friday, July 5.

(Continued)

CHICAGO EXCHA

AMERICAN EXCHA

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

In another week of low volume, the CBS all-share index fell 7.5 points to end last Friday at 197.0.

Total turnover reached 6.4 billion guilders, of which 2.1 billion was equities. The previous week it totalled 6.2 billion guilders, with 2.3 billion of equities.

Frankfurt

Some semblance of calm returned to the Frankfurt stock exchange last week, with the DAX index close on Friday of 1,618.91 only 0.21 percent down on the week, and the Commerzbank index up 2.3 points at 1,925.5.

The previous week had been hit by events in Yugoslavia and a court decision on taxing capital income.

Traders said the signs of an economic uptake in the United States and the interest-rate cut in Japan had failed to impress the German market last week, but Dresdner Bank's predictions of stronger mid-term profits should help.

Volume for the eight German markets averaged just over 25 billion Deutsche marks during the week against 37.10 billion DM the previous week.

Hong Kong

Share prices shot up at the end of last week after Britain and China finally agreed on conditions for Hong Kong's new airport.

The Hang Seng Index gained 224.07 points on the week to close Friday at 3,892.71, a new high for the year.

Average daily turnover soared to 2.3 billion Hong Kong dollars from the previous week's 858 million, spurred by a net inflow of funds from foreign institutions eager for a part on the massive airport plan. Volume on Friday — 3.4 billion dollars — was the heaviest since Beijing crushed pro-democracy protests in China in June 1989.

London

After two weeks of decline, London shares surged on the back of the Japanese discount-rate cut last week.

There are hopes of a British rate cut this Friday, when better inflation figures are expected to be released. Evidence that the ruling Conservative Party is narrowing the opposition Labor Party's lead in opinion polls provided for some further optimism.

The FT-SE 100 index closed Friday at 2,484.7, having gained 69.9 points on the week. The FT-30 index gained 20.7 points to 1,911.5.

Milan

Milan's MIB index fell 2.8 percent on the week to close at 1,109.0 Friday. The value of trading fell from 127 billion lire to 105 billion, and the number of shares from 32 million to 30 million.

Events in Yugoslavia prompted caution among foreign investors, who fear a civil war on Italy's border. Moody's decision to reduce Italy's credit rating and the release of figures showing a 6.9 percent inflation rate for June also fueled pessimism.

Paris

The Paris bourse rallied on Friday, but the closing CAC index value of 1,723.4 was still 1.4 percent down on the week.

Traders warned that if it goes lower than the psychologically important level of 1,700 it could quickly go down to 1,650 — halfway between its low for the year of 1,425.26 in January and the June 3 high of 1,877.87.

Most Paris analysts do not expect another rate cut by Banque de France soon. Uncertainty over the future of the Socialist government of Edith Cresson did not help the market.

Singapore

The Singapore stockmarket was boosted by encouraging signals from Tokyo and Wall Street last week but later fell on rumors that a Malaysian securities firm was under investigation.

The Straits Times industrial index fell 13.24 points to end the week at 1,476.65.

Turnover climbed to 235.50 million shares valued at 518 million dollars from the previous week's volume of 134 million units worth 321 million dollars.

Tokyo

Share prices continued to fall on the Tokyo Stock Exchange last week as deepening stock scandals involving Japan's four biggest securities firms drove many institutional investors from the market.

The Nikkei Stock Average of 225 blue chips closed the week at 22,898.34, a drop of 392.62 points or 1.7 percent, after plunging 988.12 points the previous week.

Daily turnover averaged 282.4 million shares worth 370.2 billion yen, up moderately on the previous week's 256.2 million shares worth 324.9 billion yen.

Rises after the Bank of Japan cut its discount rate by half a percentage point to 5.5 percent were offset by a four-day decline as investors stayed away for fear the stock scandal would spread further.

Zurich

The Zurich bourse gained 1 percent last week, but with no favorable signs to pull the market, operators were not very optimistic.

The Swiss performance index gained 11.5 points on the week to close Friday at 1,103. The SBS index moved from 615.0 to 621.3.

EC Food Stores Stymie Poland

Agriculture Becomes Sticking Point in Association Talks

Reuters

BRUSSELS — Looking west from Warsaw, an 800,000-ton mountain of deep-frozen European Community beef is spoiling the view as Polish officials resume talks this week to try to reach an association accord with the 12-nation Community.

Poland desperately needs hard currency to keep its reforms going and wants to sell food to get it. But the Community has far too much beef, lamb, butter and cereal of its own.

Poland will focus on beef in its efforts to boost food exports to the Community.

Poland's chief trade negotiator, Andrzej Olechowski, will try to blast a way through that problem in two days of talks starting on Tuesday. He sees those discussions as crucial for trade prospects.

"Beef is the problem," Mr. Olechowski, secretary of state at the Ministry of Foreign Economic Relations, said in an interview. "We are increasingly worried and annoyed with the arrogance with which the European Community is acting in agriculture."

From the Community's viewpoint, a slump in beef consumption aggravated by factors such as loss of Gulf markets and an outbreak of "mad cow" disease — bovine spongiform encephalopathy — in Britain has forced market managers to buy up unwanted stocks. The last thing they need is non-EC beef.

Agriculture still dominates the Polish economy. As in most less-developed countries, farming is the sector that could potentially provide it with the quick export earnings to support its economic restructuring program.

In 1990, trade between Poland and the Community almost doubled from 1989, with Poland's exports worth 5 billion European currency units ($5.6 billion), and EC exports worth 4.2 billion Ecus.

"That is nothing when you look at the potential," Mr. Olechowski said, acknowledging that Poland's modest textile exports are likely to bring better short-term returns than agriculture.

His talks with individual EC countries have made him optimistic about striking a deal over fruit and vegetables. Poland does not grow the same ones as the southern European countries that supply most of the Community's needs.

"The problems are Germany and France, but we are not willing to take 'no' for an answer," he said, adding that Poland was prepared to scale down its immediate demands providing it could be sure the Community's markets would open up eventually.

He was confident that talks were getting somewhere on textiles and steel, the two other sectors the Community regards as sensitive, given its own painful job-shedding shake-ups.

But on agriculture, the trade technicians were unlikely to be able to clear the way to initialing the EC association accord that Poland wants, he said.

Czechoslovakia and Hungary, also negotiating association accords with the Community, are at similar stages in the process.

The Community is getting set for major reforms of its farm system, and Mr. Olechowski said it would have to take into account the prospect of competition from countries such as Poland.

"We are desperate. We have to send signals to our partners now facing major restructuring about which crops they have to start concentrating on," he said. "In the long term, we're doing the Community a favor forcing the pace."

Fairer Trade in Food Essential, Brazil Warns

Reuters

RIO DE JANEIRO — Brazil, the host of a key farm trade meeting this week, has warned that the world must agree on a fairer way to buy and sell food or risk a split between the starving and the well-fed.

"The new division will not be North-South or East-West, but between nations producing so much food they have to diet and nations with so little they starve," said Agriculture Minister Antônio Cabrera Filho.

Mr. Cabrera said Saturday that world trade rules rewarded inefficiency and made everybody's food costs higher.

"A lot is being produced at high cost in developed nations," he said, "while developing nations are producing a little food at low cost."

The Cairns group of 14 farming nations, which is to begin a two-day ministerial meeting on Monday, wants to change that. It plans to use the meeting in the Amazon jungle city of Manaus to agree on a letter to world leaders demanding that they open their economies to foreign farm products and stop dumping food abroad at subsidized prices.

The meeting was deliberately set the week before leaders of the Group of Seven industrialized nations — the United States, Germany, Japan, France, Britain, Italy and Canada — meet in London from July 15 to 17, a New Zealand spokesman said.

The chief target of the Cairns group is the European Community, whose generous export subsidies allow large amounts of food to be sold on world markets at below-cost prices. Japan's trade practices have also drawn the group's fire.

The group also wants to stress the damage the farm subsidy dispute has done to wider talks on world trade under the General Agreement on Tariffs and Trade.

BUSINESS BRIEFS

U.K. Directors Gloomy on Economy

LONDON (Reuters) — Falling interest rates have done little to relieve pessimism in British boardrooms, where managing directors see recession getting even worse, according to a survey by Dun & Bradstreet Corp. released Sunday.

Managing directors at more than 1,600 companies were increasingly gloomy about prospects for sales, profits, new orders, stocks, exports and staffing levels, the survey said. Company forecasts for third quarter net profits would be the lowest since 1987 as sales slowed, it said.

China's Trade Surplus Rises Sharply

BEIJING (Reuters) — China's exports jumped 18.5 percent and imports rose 15.9 percent in the first half of 1991 from the same period last year, the official news agency Xinhua said Sunday.

Exports reached $30.41 billion while imports hit $26.78 billion, for a surplus of $3.63 billion. Last year's first half surplus was an unadjusted $2.54 billion.

Separately, the official newspaper China Daily said China's imports from the United States "have increased sharply this year." Beijing and Washington are in the midst of a serious trade wrangle, with the United States saying its trade deficit with China could top $15 billion this year, second only to the deficit with Japan. China uses a different accounting method and says it has a trade deficit with the United States.

Seoul to Limit Money Supply Growth

SEOUL (Reuters) South Korea will aim to keep its M-2 money supply growth within its 17 percent-19 percent target in the third quarter of 1991, allowing it to increase between 3.8 trillion and 4.4 trillion won, Bank of Korea officials said.

Seoul imposed the money supply growth limits in January in order to keep inflation below double digits. The consumer price index was 8.5 percent higher on the year in June.

NWA Says Foster's Will Hold Stake

SYDNEY (Reuters) — Foster's Brewing Group Ltd. is not about to sell its 15 percent stake in NWA Inc., the airline operator's co-chairman, Alfred Checchi, said Sunday following talks with Foster's chief executive, Peter Bartels.

The sale of Foster's stake in NWA, operator of Northwest Airlines, has been the subject of market speculation given Foster's streamlining to its core brewing businesses.

Italian Firm in Algerian Gas Deal

ALGERIA (Reuters) — Algeria and the Italian oil company Snamprogetti SpA have agreed to build a natural gas treatment plant at a field expected to produce five billion cubic meters (175 billion cubic feet) of gas a year, the Algerian news agency APS said.

The agency said Saturday that Algeria's state gas and oil giant, Sonatrach, had reached agreement with Snamprogetti, part of the ENI group, under a protocol signed last May. The plant, expected to take 40 months to complete, will be in the Hamra field in southern Algeria.

Venezuela Lifts Its Price Controls

CARACAS (AP) — The government has lifted price controls and deregulated business operations in an effort to liberalize the oil nation's economy.

President Carlos Andrés Pérez said the move Friday was designed to attract domestic and foreign investors and reflects a determination to offer "clear and trustable economic rules for all sectors."

The government's program eliminates price controls over private-sector goods and services and deregulates business operations that often required lengthy bureaucratic processing. Price controls were first installed in 1963 when Venezuela was experiencing a wave of political and economic unrest.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, July 5.

(Continued)

Sales in 100s High Low Close Net Ch'ge

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, July 5.

Option & price Calls Puts

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, July 5.

Option & price Calls Puts

Seoul Construction Scandal Stalls Housing Plan

Reuters

SEOUL — President Roh Tae Woo's ambitious program to build two million new housing units by next year is crumbling before the eyes of embarrassed officials and angry citizens.

Following recent revelations that blocks of apartments were built with substandard concrete, government officials have delayed further construction and leasing of apartments.

They may have to demolish some blocks found to have been built with materials of such low quality that the buildings are unsafe.

Mr. Roh announced in 1989 his government's plans to build two million new homes throughout the country by 1992.

Some 300,000 new housing units were to be constructed in five satellite areas to solve shortages in a country where 43 million people are packed 438 to the square kilometer (less than half a square mile).

Seoul's 10.6 million people give it nearly a quarter of the country's population and the worst housing shortage.

Government sources said the cement used in the construction of the apartments had been made with ocean sand, instead of more expensive river sand. The use of ocean sand is not illegal, but if it is not properly processed, the resulting cement will be substandard.

Safety checks should be conducted on all construction sites in South Korea but some officials said this was not being done.

South Korean police have already begun investigations and are questioning cement and ready-mix concrete companies.

South Korea is one of Asia's largest cement producers and now finds production does not match domestic demand.

Government sources said they suspected suppliers or construction firms are trying to overcome the shortage by stretching their limited supplies — possibly by adding too much low-grade sand — at the expense of government regulations.

Prices have risen. One 40-kilogram (88-pound) sack of cement cost about 2,600 won ($3.50) last year, but now costs about 4,000 won, the Korea Economic Daily said.

"Right now, trying to buy cement is impossible. The prices are outrageous," a construction company official said.

ACROSS

1 Horned vipers
5 Uruguayan money
10 Surrealist painter
14 Lean
15 Ward off
16 Black, to a bard
17 Theater box
18 Second-story man
20 Space
21 Vienna duo
22 Anna Neagle's title role: 1940
23 Furnace tenders
25 —— the music (accept consequences)
27 Tidings
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34 Trawler's haul
35 Affirmative reply
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53 Pile
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DOWN

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8 Sphere
9 Actor Erwin
10 Academic awards
11 Proficient
12 Kind of shark
13 Regarding
19 Well-heeled
24 Piece of crockery
25 Refrains from eating
26 Dull pain
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31 Burn
32 Lyrical poems
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34 Nincompoops
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39 Irritate
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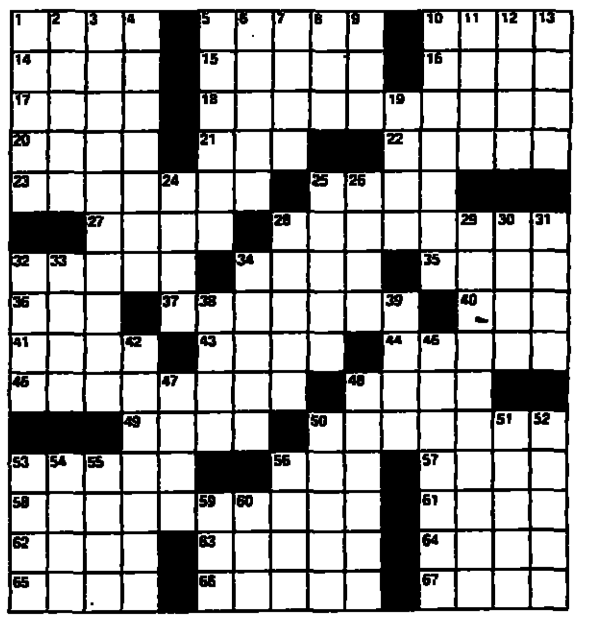
45 Refers
47 Soap unit
48 Man in a box
50 Writer-actor Allen
51 Papal crown
52 Walk like 37 Across
53 Headliner
54 Toothpaste container
55 Song for Bumbry
56 Meth., e.g.
59 Truckler's word
60 —— -la-la



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Solution to Friday's Puzzle

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INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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MONDAY SPORTS

Hot, Not Bothered, LeMond Breaks to the Front in Tour

By Samuel Abt

International Herald Tribune

LYON — Maybe Greg LeMond was right when he said that all he needed to turn his year around was some hot weather.

Finding temperatures in the 80s and 90s Fahrenheit (about 27 to 35 centigrade) for the start of the Tour de France, LeMond finished part of his weekend's work in a familiar garment, the yellow jersey of the leader of the world's greatest bicycle race.

He won it, and later lost it, the hard way. Saturday, he finished third in the prologue to the Tour; Sunday, he helped drive a breakaway by 11 riders during the first of two stages.

Eight of the 11 gained 1 minute and 44 seconds over the rest of the 198-man field.

In the day's second stage, a team time trial over 36.5 kilometers (22.6 miles), LeMond was slowed by a flat tire and lost enough seconds that he fell back to second place overall.

The new leader is Rolf Sorensen, a Dane with the Ariostea team, who is no threat in the long run because he is a weak climber.

In second place, LeMond possibly even gained a tactical advantage by not now having to defend the jersey against attacks over the next 10 days that the race will be contested on flat terrain.

A far bigger loser in the team time trial was Stephen Roche, an Irishman with the Tonton Tapis team and the winner of the Tour in 1987, who was disqualified. Troubled by what he said were stomach cramps, he was seven minutes late for the start, rode alone and finished 14 minutes and 20 seconds back, far outside the permitted time limit of 11 minutes.

After the flat, LeMond pushed his Z team to make up the time, taking frequent pulls at the front. But Ariostea was too fast, and Sorensen now leads LeMond by 10 seconds.

It was a fine performance by both riders, who must have felt the effect of the morning's breakaway that they helped lead.

"We missed a very good break," said Steve Bauer, a Canadian with the Motorola team. "It's a significant one."

Bauer is an authority on significant breakaways in the Tour. Last year he was one of four riders who escaped and built a lead that exceeded 10 minutes, skewing the three-week race.

On the next-to-final day, LeMond made up the deficit on the last of the four, Claudio Chiappucci, an Italian with Carrera. That gave the 30-year-old American his second consecutive victory in the Tour and his third overall.

"Not bad, right?" a beaming LeMond asked his employer, Roger Zannier, at the end of the first stage. "Not bad," agreed Zannier, who was helping LeMond, still on his bicycle, inch through the crowd of riders toward the victory podium.

"It's not as much time as last year but it's more meaningful because there are better riders than last year in front now," said Phil Anderson, an Australian with Motorola.

Among those leaders are some of LeMond's companions in the breakaway. They included, notably, Erik Breukink, a Dutchman with PDM who finished third in the last Tour, and teammate Raul Alcala, a Mexican who finished eighth in 1990. Breukink now ranks third overall.

The 114.5-kilometer morning stage was won by Djamolidine Abdoujaparov, an Uzbek with Carrera and the strongest Soviet finisher since Stalin. Sean Kelly, an Irishman with PDM, was just behind in the sprint finish by 8 of the 11 riders.

Third was LeMond, who thus added four bonus seconds to the 10 he had collected by finishing first and second in two bonus sprints along the way.

LeMond's performance surprised some observers since he had not been riding well the last two months and had shown unusual signs of nervousness and irritability.

"I'm ready," he announced before the prologue, and, looking at his results, no one can dispute him.

It was especially true after the morning stage through the graceless urban conglomeration surrounding Lyon, France's third-largest city. Lyon paid $1 million for the honor of being host to this 78th Tour de France.

Racing over narrow, snaky and rolling roads, the field of 9 riders on each of 22 teams had to wait only five kilometers for the first attack.

Rolf Jaermann, a Swiss with Weinmann, went off alone and stayed there over the only two elevations of the day, earning himself the mountain climber's jersey.

After 45 kilometers of solitude, he was joined by the 10 others.

"The pack was very nervous right from the start and I told myself to seize any opportunity," LeMond said. "Alcala was one of the first to and I wasn't about to let him go alone. Then we all cooperated in the break."

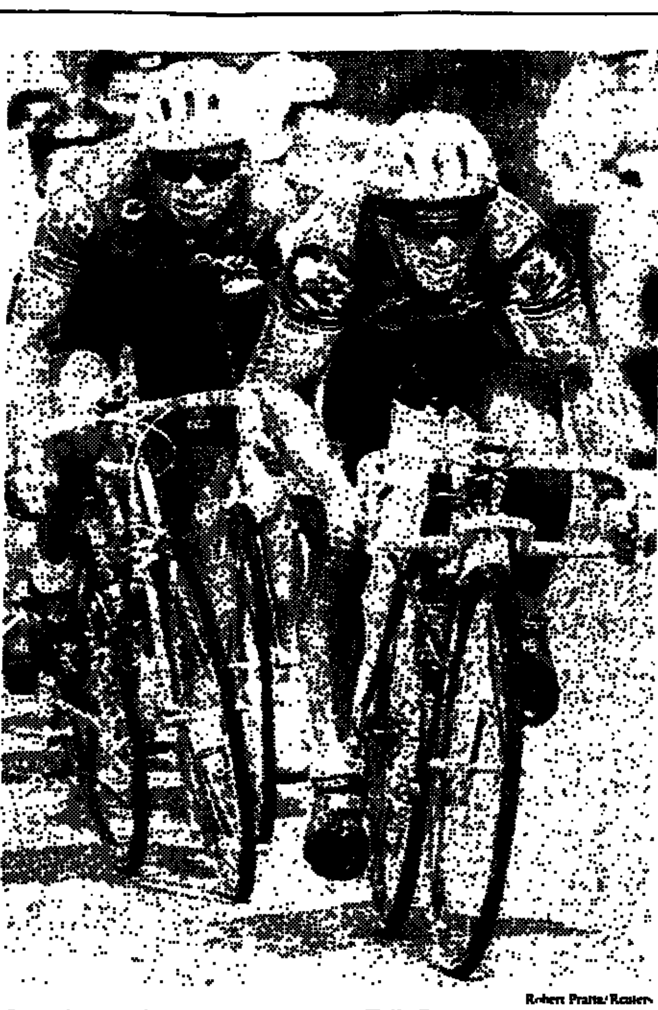
Once linked with Jaermann, the 11 sped through the rest of the course, raising their lead gradually from a minute to nearly twice that at the end. They also scooped up six, four and two bonus seconds for the first three at both sprints and 12, 8 and 4 seconds at the finish.

The unfruitful chase was led by those teams having highly regarded leaders who were left behind.

Among them were Gianni Bugno of Gatorade, Pedro Delgado and Miguel Indurain of Banesto, Laurent Fignon of Castorama, Gert-Jan Theunisse of TVM, Steven Rooks of Buckler and Chiappucci.

Their chances of victory are not greatly diminished, considering the time that can be made up in the mountains and time trials to come.

But, except for Breukink and Alcala, the other favorites certainly took a pounding to their morale when they watched LeMond slip into the yellow jersey about noon. And, as he can testify, morale is a major factor in this demanding race.



Robert Pratta/Reuters

Greg LeMond, heading uphill with Erik Breukink close behind. LeMond led after the morning stage and was No. 2 at day's end.

Mansell Wins French Prix

Reuters

MAGNY-COURS, France — Nigel Mansell became the most successful English racing driver in history Sunday when he won the French Grand Prix for his 17th victory on the Formula One circuit.

Mansell, driving a Williams, ended Alain Prost's domination of the French race for the last three years by claiming his own third victory in it.

It was Mansell's first triumph since last year's Portuguese Grand Prix, when he drove a Ferrari, and gave him one more victory than Stirling Moss of England.

"You might not believe it after all these years but I feel a sense of shock," he said. "It is something special to get to 17 Grand Prix wins as an Englishman."

Mansell finished the 72-lap race at the new 4.271-kilometer (2.654-mile) Magny-Cours track in 1 hour, 38 minutes and 0.056 seconds.

He was five seconds ahead of Prost in the new Ferrari 643 and 40 seconds ahead of the world championship points leader, Ayrton Senna of Brazil in a McLaren.

Mansell moved up to second in the standings on 23 points. Senna got three for a total of 48.

Jean Alesi of France, in the second Ferrari, came in fourth ahead of Riccardo Patrese of Italy, who finished fifth, one lap down, in the second Williams.

Patrese, on the pole, made a dreadful start and was left far behind as Prost took the lead, followed by Mansell.

Mansell set the pattern for the race by frequently challenging the Frenchman. He passed him at the hairpin on lap 22, as Prost struggled with gearbox difficulties, but Prost regained the lead on lap 32 after both made pit stops for fresh tires.

On lap 55th, Mansell again overtook Prost at the hairpin and this time pulled away in his Renault-powered Williams.

Prost said he was pleased with the new Ferrari.

"I feel very happy for my team, like Nigel, but for different reasons," he said. "They have made a very good car in a short space of time and done a good job under a lot of pressure."

Senna said he "made a poor start and knew from then that I could not go with Prost or Mansell. The Williams and the Ferrari are just too fast for us right now.

"We know we do not have the engine or chassis performance to match them at the moment, so a third place was a good race. I just wanted to finish on the podium."

British Rowers Take Charge Handily In Grand Finales at Henley Regatta

United Press International

HENLEY-ON-THAMES, England — Steve Redgrave and Matthew Pinsent, Britain's top rowing duo, cruised to an easy victory in the Silver Goblets pairs final against Spain's Josep Robert and Manolo Bermudez, and Britain's national eight won the Grand Challenge Cup with a victory over a Soviet Crew in the Henley Regatta.

The Silver Goblets' triumph represented Redgrave's fourth Henley pairs victory in the last six years and bodes well for the world championships next month in Vienna. The pair won a bronze in the 1990 worlds.

The British pair never struggled Sunday and pulled almost two lengths ahead at the barrier. The two then stroked slower before speeding up again to a rate of 42 strokes a minute en route to the victory.

Britain's national eight brought Henley fans to their feet in the premier race of the day, beating Dynamo and Soviet Army. The British crew, rowing as Leander and Star, powered off the start and consistently outdid the Soviets, despite giving away 14 pounds (6.4 kilograms) per man.

SCOREBOARD

BASEBALL

(Through Saturday's Games)

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Toronto	48	34	.585	—
Boston	42	37	.532	4½
Detroit	40	40	.500	7
New York	38	39	.494	7½
Milwaukee	35	44	.443	11½
Baltimore	32	47	.405	14½
Cleveland	26	52	.333	20
West Division				
Minnesota	47	35	.573	—
Texas	43	33	.566	1
California	44	36	.550	2
Oakland	44	37	.543	2½
Chicago	42	37	.532	3½
Seattle	40	41	.494	6½
Kansas City	35	44	.443	10½

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Pittsburgh	47	31	.603	—
New York	45	34	.570	2½
St. Louis	43	37	.538	5
Chicago	38	43	.469	10½
Montreal	35	46	.432	13½
Philadelphia	33	48	.407	15½
West Division				
Los Angeles	48	31	.608	—
Cincinnati	44	35	.557	4
Atlanta	39	39	.500	8½
San Diego	40	42	.488	9½
San Francisco	34	46	.425	14½
Houston	33	47	.413	15½

Friday's Line Scores

AMERICAN LEAGUE

Detroit 000 000 100—1 5 0
Boston 130 003 03x—10 12 1

Terrell, M.Munoz (7) and Allanson; Morton and Pena. W—Morton, 1-0. L—Terrell, 4-9. HRs—Detroit, Fielder (21). Boston, Clark (11).

Milwaukee 000 301 000—4 9 0
Cleveland 010 001 000—2 6 1

Wegman, Plesac (9) and Surhoff; Nichols, Shaw (6), Orosco (7), Hillegas (8) and S.Alomar. W—Wegman, 4-3. L—Nichols, 0-7. Sv—Plesac (6). HR—Cleveland, Jefferson (1).

Baltimore 002 030 110—7 15 0
New York 000 004 000—4 8 0

Robinson, Williamson (6), Flanagan (7), Olson (9) and Hoiles; Leary, Cadaret (5), Guetterman (8) and Nokes. W—Robinson, 4-6. L—Leary, 4-8. Sv—Olson (16). HRs—Baltimore, Horn (13), Milligan (10). New York, Sheridan (1).

California 000 000 000—0 3 0
Texas 010 403 00x—8 11 0

Langston, Fetters (6) and Parrish; Guzman, Jeffcoat (7) and Rodriguez, Stanley (9). W—Guzman, 4-3. L—Langston, 12-3. Sv—Jeffcoat (1). HRs—Texas, Downing (8), Gonzalez (12).

Oakland 201 401 100—9 8 0
Kansas City 000 002 010—3 7 1

Hawkins, Chitren (7) and Quirk; Gordon, Magnante (4), McGaffigan (7) and Mayne. W—Hawkins, 3-5. L—Gordon, 4-7. Sv—Chitren (3). HRs—Oakland, Canseco (21), Gallego (4). Kansas City, Brett (3), Thurman (2).

Minnesota 001 000 010—2 7 0
Chicago 000 001 30x—4 7 0

Morris and Harper; McDowell, Radinsky (8), Thigpen (9) and Fisk. W—McDowell, 10-4. L—Morris, 11-6. Sv—Thigpen (17). HR—Chicago, Ventura (5).

Toronto 000 010 010—2 6 1
Seattle 000 000 100—1 7 1

Stottlemyre, MacDonald (7), Ward (8), Henke (9) and Myers; Holman and Valle. W—MacDonald, 2-0. L—Holman, 7-9. Sv—Henke (15).

NATIONAL LEAGUE

New York 101 000 100—3 6 1
Philadelphia 100 000 000—1 4 1

Gooden, Franco (9) and O'Brien; Cox, Ritchie (8) and Daulton. W—Gooden, 8-6. L—Cox, 3-2. Sv—Franco (18).

Montreal 002 010 100—4 10 0
Pittsburgh 100 011 000—3 11 0

De.Martinez and Fitzgerald; Smiley, Palacios (7), Belinda (9) and LaValliere. W—De.Martinez, 10-5. L—Smiley, 9-6.

Cincinnati 001 000 000—1 5 0
Houston 000 000 000—0 5 2

Hammond, Myers (7), Dibble (9) and Oliver; Harnisch and Nichols. W—Hammond, 7-5. L—Harnisch, 5-7. Sv—Dibble (23).

Chicago 200 010 200—5 8 0
St. Louis 000 100 000—1 6 3

Castillo and Wilkins; DeLeon, Carpenter (7), Agosto (8), Fraser (9) and Gedman. W—Castillo, 1-0. L—DeLeon, 3-7.

San Diego 020 010 100—4 8 0
San Francisco 000 002 000—2 8 2

Whitson, Rodriguez (7), M.Maddux (9) and Santiago; Remlinger, Downs (7), Righetti (8) and Kennedy, Decker (8). W—Whitson, 4-6. L—Remlinger, 2-1. Sv—M.Maddux (2). HRs—San Diego, Jackson (8), McGriff (16), Santiago (9). San Francisco Ma.Williams (12).

Atlanta 100 002 100—4 8 2
Los Angeles 010 000 000—1 8 1

Glavine and Olson; Belcher, Crews (8), Cook (9) and Carter. W—Glavine, 12-4. L—Belcher, 7-5. HR—Atlanta, Blauser (7).

Saturday's Line Scores

AMERICAN LEAGUE

Detroit 040 000 000—4 11 2
Boston 200 000 41x—7 12 0

Gakeler, Gibson (7), Leiter (7) and Tettleton; Clemens, Reardon (9) and Marzano, Pena (8). W—Clemens, 11-5. L—Gibson, 3-5. Sv—Reardon (21). HRs—Detroit, Incaviglia (6), Deer (16).

Baltimore 000 320 000—5 10 1
New York 300 003 16x—13 13 1

McDonald, Frohwirth (6), Kilgus (6), Williamson (7), Hickey (8) and Melvin; Sanderson, Plunk (6), Howe (7), Farr (9) and Nokes. W—Plunk, 2-2. L—Frohwirth, 2-2. HRs—Baltimore, Horn (14). New York, Hall (13), Nokes 2 (13).

Milwaukee 000 000 000—0 4 0
Cleveland 000 002 00x—2 5 0

Navarro and Dempsey, Surhoff (8); Swindell, Hillegas (8) and Alomar. W—Swindell, 5-7. L—Navarro, 7-6. Sv—Hillegas (5).

Minnesota 000 000 320—5 8 1
Chicago 000 130 000—4 5 0

P.Abbott, Willis (5), Aguilera (8) and Harper, Ortiz (9); Garcia, M.Perez (7), Radinsky (8), Thigpen (9) and Fisk. W—Willis, 3-2. L—Radinsky, 2-3. Sv—Aguilera (22). HRs—Minnesota, Hrbek (8), Harper (4). Chicago, Ventura (6), Thomas (14).

Oakland 001 710 000—9 12 0
Kansas City 030 001 120—7 12 0

Welch, Honeycutt (7), Nelson (8), Eckersley (8) and Steinbach; Boddicker, Maldonado (4), McGaffigan (7), Magnante (9), S.Davis (9) and Macfarlane. W—Welch, 8-5. L—Boddicker, 7-7. Sv—Eckersley (23). HRs—Oakland, Baines (12). Kansas City, Tartabull 3 (19), Macfarlane (10).

California 011 010 000—3 7 1
Texas 100 003 00x—4 8 0

J.Abbott, J.D.Robinson (7), Eichhorn (7) and Parrish; K.Brown, Je.Russell (8) and Rodriguez. W—K.Brown, 7-6. L—J.Abbott, 7-6. Sv—Je.Russell (17). HRs—California, Winfield (18), Parrish (10). Texas, Palmeiro (13).

Toronto 002 000 001 1—4 11 2
Seattle 100 101 000 0—3 6 2
(10 innings)

Wells, Acker (6), Timlin (9), Henke (10) and Borders, Myers (8); R.Johnson, Swift (7), M.Jackson (9), Swan (10) and Valle. W—Timlin, 7-4. L—Swan, 3-2. Sv—Henke (16). HR—Toronto, Olerud (9).

NATIONAL LEAGUE

San Diego 000 010 000—1 2 0
San Francisco 000 010 21x—4 6 0

Benes and Santiago; Robinson, Righetti (9) and Decker. W—Robinson, 4-6. L—Benes, 4-9. Sv—Righetti (11). HRs—San Diego, Santiago (10). San Francisco, Thompson (10), W.Clark (14).

Cincinnati 000 000 000—0 3 0
Houston 000 300 00x—3 3 2

Armstrong, Layana (6), Carman (8) and Oliver; J.Jones and Biggio. W—J.Jones, 5-5. L—Armstrong, 6-7. HR—Houston, Caminiti (8).

New York 000 100 010—2 5 0
Philadelphia 000 000 001—1 6 2

Viola, Franco (9) and Cerone; Ruffin, Boever (7), Mi.Williams (8) and Lake, Daulton (8). W—Viola, 10-5. L—Ruffin, 1-2. Sv—Franco (19). HR—New York, Brooks (14).

Montreal 000 200 000—2 5 0
Pittsburgh 000 010 000—1 2 2

M.Gardner, Fassero (9), Burke (9) and Reyes; Walk, Landrum (9) and LaValliere. W—M.Gardner, 4-5. L—Walk, 6-1. Sv—Burke (5).

Chicago 030 000 135—12 13 0
St. Louis 000 000 200—2 4 3

Bielecki, Slocumb (9) and Wilkins; B.Smith, Terry (7), Agosto (7), Carpenter (8), McClure (9), Fraser (9) and Pagnozzi. W—Bielecki, 9-6. L—B.Smith, 7-5. HRs—Chicago, Dawson (14). St. Louis, Guerrero (7).

Atlanta 010 001 400—6 8 1
Los Angeles 230 020 00x—7 9 3

Smoltz, Mahler (2), Freeman (5), Stanton (6), Mercker (7) and Olson; Hershiser, Cook (7), Hartley (7), Candelaria (7), Ke.Gross (9) and Carter. W—Hershiser, 3-2. L—Smoltz, 2-11. Sv—Ke.Gross (3).

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Chunichi	40	22	1	.643	—
Yakult	38	29	1	.566	4½
Yomiuri	38	32	0	.543	6
Hiroshima	30	28	1	.517	8
Taiyo	39	38	1	.506	13½
Hanshin	20	46	0	.303	22

Saturday's Results

Chunichi 9, Yakult 2
Yomiuri 5, Hanshin 2
Hiroshima 6, Taiyo 0

Sunday's Results

Chunichi 7, Yomiuri 2
Taiyo 1, Hiroshima 0
Hanshin 6, Yakult 1

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	42	24	2	.632	—
Kintetsu	40	27	0	.597	2½
Daiei	32	29	0	.525	7½
Nippon Ham	32	36	1	.471	11
Orix	31	37	1	.457	12
Lotte	21	45	0	.318	21

Saturday's Results

Seibu 14, Lotte 1
Kintetsu 5, Orix 1
Nippon Ham 6, Daiei 3

Sunday's Results

Seibu 3, Lotte 0
Kintetsu 7, Orix 2
Daiei 6, Nippon Ham 4

AUTO RACING

French Grand Prix

Top finishers in Sunday's Formula One Grand Prix, a 72-lap race on the 4.57-kilometer (2.654-mile) Magny Cours circuit at Nevers: 1. Nigel Mansell, Britain, Williams Renault, 1 hour, 38 minutes, 00.056 seconds; 2. Alain Prost, France, Ferrari 643, at 5.003 seconds; 3. Ayrton Senna, Brazil, McLaren Honda, at 34.934; 4. Jean Alesi, France, Ferrari 643, at 35.920; 5. Riccardo Patrese, Italy, Williams Renault, at one lap; 6. Andrea de Cesaris, Italy, Jordan Ford, at one lap; 7. Mauricio Gugelmin, Brazil, Leyton House, at two laps; 8. Nelson Piquet, Brazil, Benetton Ford, at two laps; 9. PierLuigi Martini, Italy, Minardi Ferrari, at two laps; 10. Johnny Herbert, Britain, Lotus Judd V8, at two laps.

Drivers' World Championship Standings (after seven races): 1. Senna, 48 points; 2. Mansell, 23; 3. Patrese, 22; 4. Prost, 17; 5. Piquet, 16; 6. Gerhard Berger, Austria, 10; 7. Stefano Modena, Italy, 9; 8. Alesi, 8; 9. de Cesaris, 7; 10. Roberto Moreno, Brazil, 5.

CRICKET

THIRD TEST

England vs. West Indies, Third Day

Saturday, in Nottingham, England

England 1st Innings: 300
West Indies 1st Innings: 397
England 2nd Innings: 54-3

ROWING

Henley Royal Regatta

Selected Results

LADIES PLATE FOR EIGHTS

First Round

Leander and Molesey, Britain, def. Cornell University, U.S., 1 length, 6 minutes, 33 seconds; University of London and Oxford University, Britain, def. University of Pennsylvania, 1 length, 6:33; University of Washington def. Isis, Britain, canvas, 6:42.

Second Round

University of London and Oxford University, def. University of Washington, 1½ lengths, 6:40; Leander and Molesey def. Nottinghamshire County Rowing Association and Lea, Britain, 2½ lengths, 6:36.

Final

Leander and Molesey def. London and Oxford University, 1 length, 6:26.

DOUBLE SCULLS

Third Round

Rob Luke and Chris Skuse, Britain, def. D.C. Martinelli and A.D.J. Butt, Britain, 1 length, 8:00; Bjarne Eltang, Denmark, and Henrik Bang, Norway, def. V. Hussey and L. Collins, Ireland, easily, 7:43.

Final

Eltang and Bang def. Luke and Skuse, easily, 7:32.

THAMES CUP FOR EIGHTS

Fourth Round

University of Pennsylvania A, U.S., def. Neptune, Ireland, ½ length, 6:43; London def. Bedford A, Britain, 1 length, 6:50; University of London def. Cherwell, Britain, ½ length, 6:54; Rob Roy, Britain, def. Yale University, 1⅓ lengths, 6:54.

Fifth Round

University of London def. London, 2⅔ lengths, 6:53; University of Pennsylvania A def. Rob Roy, 1½ lengths, 6:51.

Final

University of Pennsylvania A def. University of London, 1 length, 6:42.

DIAMOND SCULLS, SINGLE SCULLERS

Third Round

Eric Verdonk, New Zealand, def. P.M. Haining, Britain, 2 lengths, 8:38; Wim van Belleghem, Belgium, def. C.D. Holmes, Britain, 4½ lengths, 8:39.

Final

Belleghem def. Verdonk, not rowed out, 8:14.

SILVER GOBLETS FOR COXLESS PAIRS

Third Round

S.G. Redgrave and M.C. Pinsent, Britain, def. J. Narmontas and S. Kucinskas, Dinamo Vilnius, Lithuania, easily, 8:01; J. Robert and M. Bermudez, Spain, def. P. Murray and M. Murray, Ireland, 3½ lengths, 8:10.

Final

S.G. Redgrave and M.C. Pinsent, def. J. Robert and M. Bermudez, easily, 7:38.

GRAND CHALLENGE CUP FOR EIGHTS

First Round

Dinamo, Moscow, and Soviet Army def. Victoria City and Don, Canada, ⅔ length, 6:28.

Final

Leander and Star, Britain, def. Dinamo and Soviet Army, 2½ lengths, 6:22

HENLEY PRIZE FOR EIGHTS

Fourth Round

Imperial College, London, def. Downing College and Corpus Christi College, Cambridge, 1⅓ lengths, 7:07; University of Bristol def. Nihon University, Japan, 1¾ lengths, 6:48.

Final

University of Bristol def. Imperial College, 3 feet, 6:45.

CYCLING

Tour de France

Top finishers in the Tour's prologue, a 5.4-kilometer (3.3 miles) time trial in Lyons on Saturday: 1. Thierry Marie, France, 6 minutes, 11 seconds; 2. Eric Breukink, Holland, at 2 seconds; 3. Greg LeMond, U.S., at 3 seconds; 4. Fancis Moreau, France, at 7 seconds; 5. Melchior Mauri, Spain, at 8 seconds; 6. Jelle Nijdam, Holland, same time; 7. Miguel Indurain, Spain, at 9 seconds; 8. V. Ekimov, Soviet Union, s.t.; 9. Jean-Francois Bernard, France, at 10 seconds; 10. Jesper Skibby, Denmark, s.t.

Top finishers in Sunday's first stage, a 114.5-kilometer (71 miles) race around Lyons: 1. Jamolidin Abdulaparov, Soviet Union, 2 hours, 28 minutes, 54 seconds; 2. Sean Kelly, Ireland, same time; 3. LeMond, s.t.; 4. Rudy Dhaenens, Belgium, s.t.; 5. Michel Vermote, Belgium, s.t.; 6. Rolf Sorensen, Denmark, s.t.; 7. Gilles Delion, France, s.t.; 8. Breukink, s.t.; 9. Rolf Jaermann, Switzerland, at 5 seconds; 10. Bruno Cornillet, France, s.t.

Leading team results in Sunday's second stage, a 36.5-kilometer (22.6 miles) team time trial from Bron to Chassieu: 1. Ariostea, 41 minutes, 23 seconds; 2. Castorama, at 8 seconds; 3. Panasonic, at 35 seconds; 4. Clas, at 39 seconds; 5. PDM, at 40 seconds; 6. Z, at 49 seconds; 7. Buckler, s.t.; 8. Motorola, at 57 seconds; 9. Gatorade, s.t.; 10. Amaya, at 1 minute.

Overall standings: 1. Sorensen, 3 hours, 16 minutes, 56 seconds; 2. LeMond, at 10 seconds; 3. Breukink, at 12 seconds; 4. Kelly, at 26 seconds; 5. Dhaenens, at 33 seconds; 6. Cornillet, at 50 seconds; 7. Abdoujaparov, at 53 seconds; 8. Raul Alcala, Mexico, at 1 minute, 02 seconds; 9. Vermote, at 1:12; 10. Jaermann, at 1:18.

TENNIS

Wimbledon

Men's Doubles Final

John Fitzgerald, Australia, and Anders Jarryd (2), Sweden, def. Javier Frana, Argentina, and Leonardo Lavalle, Mexico, 6-3, 6-4, 6-7 (7-9), 6-1.

Women's Doubles Final

Larisa Savchenko and Natalia Zvereva (2), Soviet Union, def. Gigi Fernandez, U.S., and Jana Novotna (1), Czechoslovakia, 6-4, 3-6, 6-4.

Mixed Doubles Semifinals

Jim Pugh, U.S., and Natalia Zvereva, Soviet Union, (1), def. Grant Connell, Canada, and Kathy Rinaldi, U.S., 7-5, 6-2; John Fitzgerald and Elizabeth Smylie, Australia, (2), def. Christo van Rensburg and Elna Reinach, South Africa, 7-5, 3-6, 7-5.

Mixed Doubles Final

Fitzgerald and Smylie def. Pugh and Zvereva 7-6 (7-4), 6-2.

SOCCER

AMERICA CUP

Group A

Chile 2, Venezuela 0
Paraguay 1, Peru 0

CONCACAF GOLD CUP

Semifinals

Honduras 2, Costa Rica 0
United States 2, Mexico 0

RUGBY

INTERNATIONAL FRIENDLIES

In Buenos Aires

New Zealand 28, Argentina 14

In Sydney

New South Wales 21, England 19

In Brisbane, Australia

Queensland 35, Wales 24

In Goroka, Papua New Guinea

France 20, Papua New Guinea 18

TRANSACTIONS

BASEBALL

American League

BALTIMORE—Released Ernie Whitt, catcher. Called up Chito Martinez, outfielder, from Rochester, International League. Signed Mark McLemore, infielder, to minor league contract and assigned him to Rochester. Put Craig Worthington, third baseman, on 15-day disabled list.

National League

LOS ANGELES—Activated Darryl Strawberry, outfielder, from 15-day disabled list. Optioned Dave Hansen, infielder, to Albuquerque, Pacific Coast League.

MONTREAL—Activated Andres Galarraga, first baseman, from 30-day disabled list. Optioned Chris Haney, pitcher, to Indianapolis, American Association.

PHILADELPHIA—Optioned Darrel Akerfelds, pitcher, to Scranton-Wilkes-Barre, International League. Recalled Tim Mauser, pitcher, from Scranton-Wilkes-Barre.

SAN FRANCISCO—Waived Mike LaCoss, pitcher, for unconditional release. Bought contract of Darnell Coles, infielder, from Phoenix, Pacific Coast League.

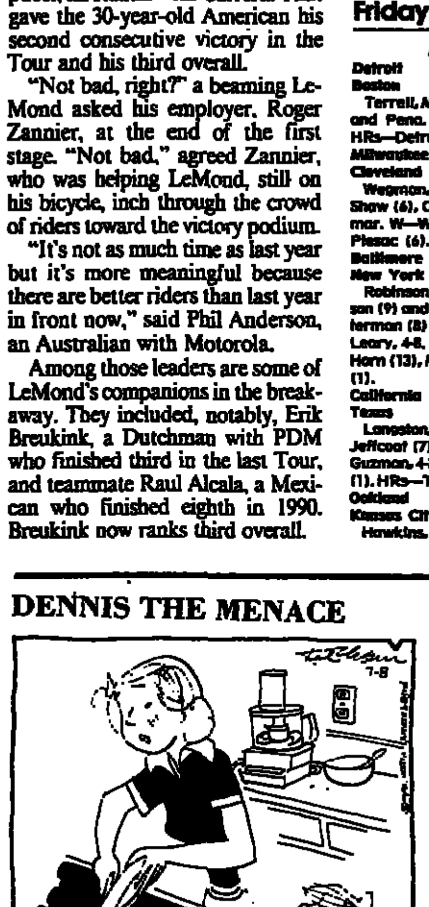
FOOTBALL

National Football League

DENVER—Signed Keith Jennings, tight end.

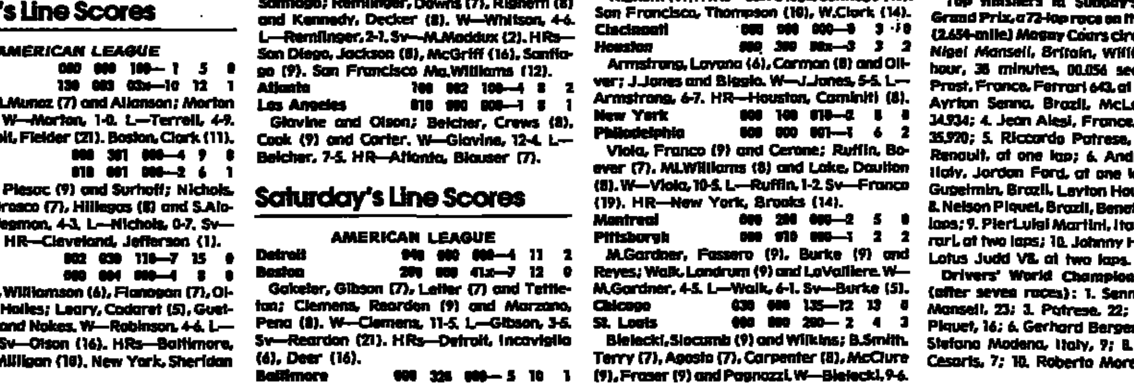
PHILADELPHIA—Signed Mike Flores and Mike Renna, defensive linemen.

DENNIS THE MENACE



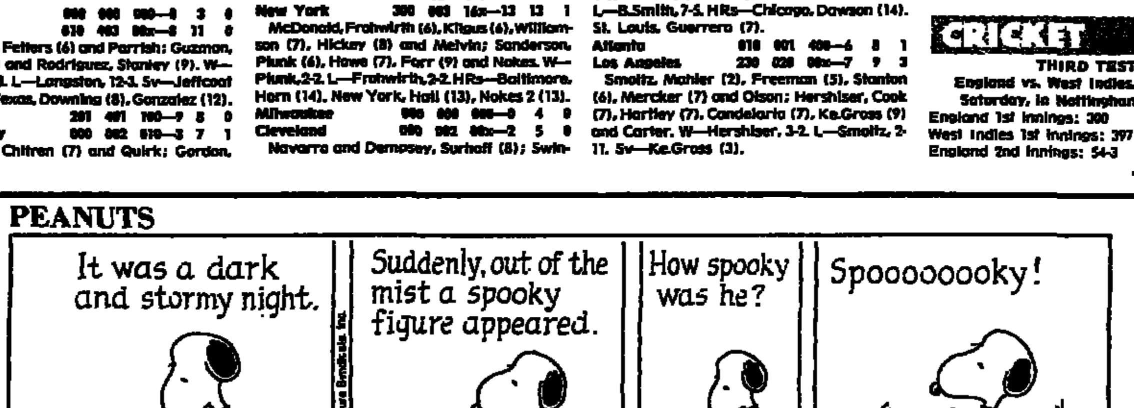
"MOM, WHAT DO I FEEL LIKE DOING?"

PEANUTS



It was a dark and stormy night.
Suddenly, out of the mist a spooky figure appeared.
How spooky was he?
Spoooooooky!

BLONDIE

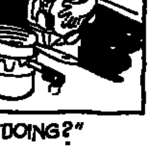


HERE COMES SYBIL, THE SHREW
YES AND IT LOOKS LIKE SHE'S BURSTING WITH VENOM
I'M SO FULL OF HOSTILITY TODAY...
I'M GOING TO START BAD-MOUTHING MYSELF
SO YOU CAN JUST IMAGINE WHAT I'M GOING TO SAY ABOUT EVERYONE ELSE

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

KLABY
YUSUR
SMIDOW
MOHGEA



IN SOME LINES OF BUSINESS IT'S NOT WHO YOU "KNOW" BUT—

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: "

(Answers tomorrow)

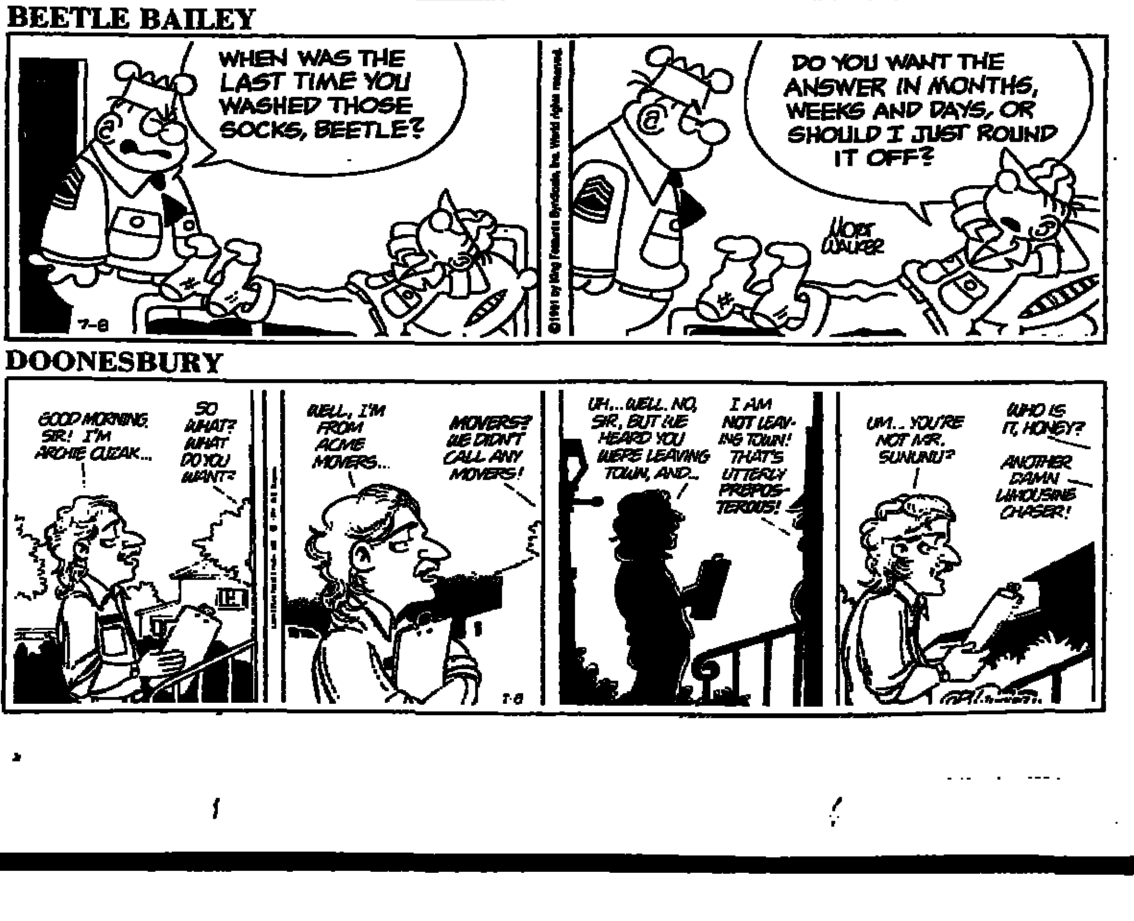
Saturday's Jumbles: FLOUT GULCH REVERE GLANCE

Answer: The media gave that nudist convention very little of this—"COVERAGE"

BEETLE BAILEY

WHEN WAS THE LAST TIME YOU WASHED THOSE SOCKS, BEETLE?
DO YOU WANT THE ANSWER IN MONTHS, WEEKS AND DAYS, OR SHOULD I JUST ROUND IT OFF?

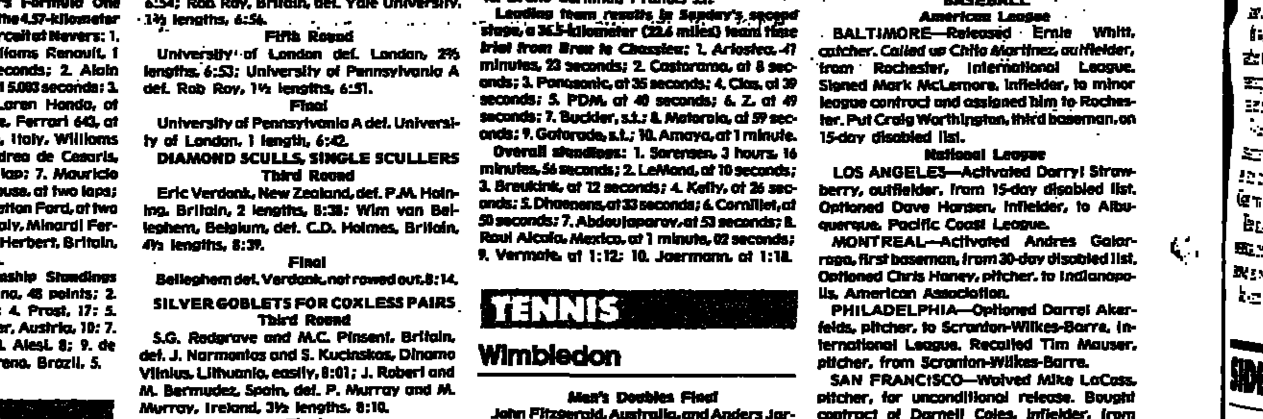
DOONESBURY



GOOD MORNING, SIR! I'M ARCHIE CUZAK...
SO WHAT? WHAT DO YOU WANT?
WELL, I'M FROM ACME MOVERS...
MOVERS? WE DIDN'T CALL ANY MOVERS!
UH... WELL, NO, SIR, BUT WE HEARD YOU WERE LEAVING TOWN, AND...
I AM NOT LEAVING THIS TOWN! THAT'S UTTERLY PREPOSTEROUS!
UM... YOU'RE NOT MR. SUNUNU?
WHO IS IT, HONEY?
ANOTHER DAMN LIMOUSINE CHASER!

For investment information read THE MONEY REPORT every Saturday in the IHT

ANDY CAPP



STAFF ENTRANCE
PET, WHILE YOU'VE STILL GOT YOUR COAT ON—
SHRIEK
I HAVEN'T SAID ANYTHING YET

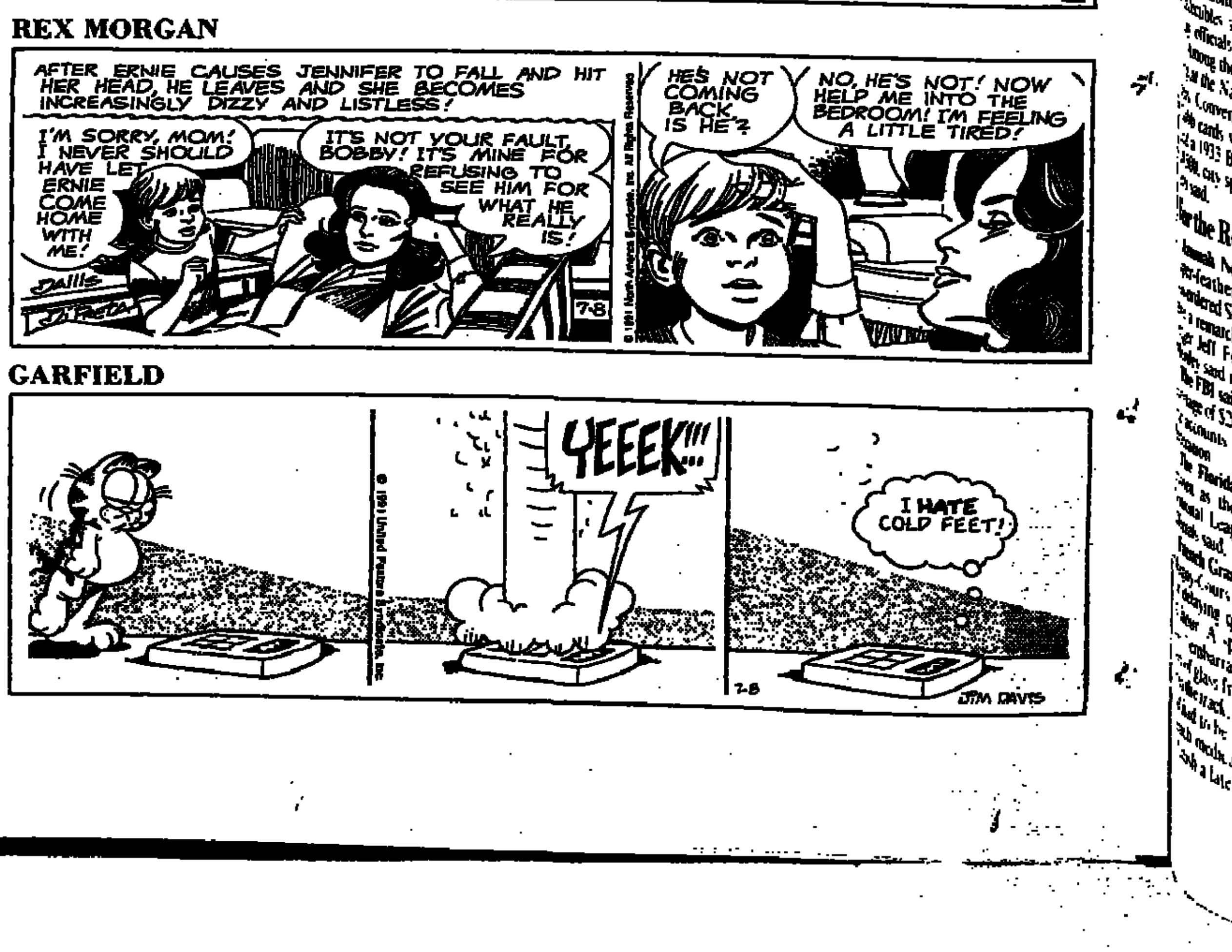
WIZARD of ID

PSSSST, SIRE
WHAT?
I THINK THIS HEALTH CLUB IS A "FRONT" FOR SOMETHING ELSE
WHY DO YOU SAY THAT?
THEIR STAIR MACHINE IS AN ESCALATOR

REX MORGAN

AFTER ERNIE CAUSES JENNIFER TO FALL AND HIT HER HEAD, HE LEAVES AND SHE BECOMES INCREASINGLY DIZZY AND LISTLESS!
I'M SORRY, MOM! I NEVER SHOULD HAVE LET ERNIE COME HOME WITH ME!
IT'S NOT YOUR FAULT, BOBBY! IT'S MINE FOR REFUSING TO SEE HIM FOR WHAT HE REALLY IS!
HE'S NOT COMING BACK ... IS HE?
NO, HE'S NOT! NOW HELP ME INTO THE BEDROOM! I'M FEELING A LITTLE TIRED!

GARFIELD



YEEEK!!!
I HATE COLD FEET!

Stich Plays the Aces and Becker Folds in Wimbledon's Finale

Graf Regains Championship And With It Self-Respect

International Herald Tribune

LONDON — Steffi Graf, a Grand Slam champion again after all those agonizing months of wondering what was happening to her tennis and to her life, has finally proved what she needed to prove to herself and to the world.

"That I had the guts," she said after her 6-4, 3-6, 8-6 triumph over Gabriela Sabatini on Saturday for the 1991 Wimbledon championship and the winner's prize of £216,000, or $347,760.

"It gave me so much pleasure to see myself getting through it," said the 22-year-old German, who last won a Grand Slam title in the Australian Open of 1990, "winning a tough match; winning a close match again, not letting up."

Graf conceded that the tennis played on Centre Court was "not the highest standard."

She emerged victorious, it seemed, because she was on an upswing when the rules said the playing had to stop. There is every reason to believe that the result *might* have been different had the match gone on another three or four games.

But Graf ended it at the right moment, beating Sabatini for the 21st time in their 30 matches since 1985 and avenging her loss to the 21-year-old Argentine in the final of the U.S. Open 10 months ago.

The match was a see-saw affair of missed opportunities in which the fortunes of each woman went up, then down, then up again with regularity. In the second and third sets there were no fewer than 12 service breaks as each player seemed to gain, then lose, momentum with equal suddenness.

"I don't know where I was hitting the serves," Graf said of her wildness in the second set after breezing through the first. "I didn't have any timing at all, and I didn't know what to change."

Sabatini, who had dazzled opponents all year with a vast array of forecourt shots perfected with her Brazilian coach, Carlos Kirmayr, displayed little of that sparkle. She seemed almost frightened as she threw weak serves at Graf and played defensively from the baseline.

Not until the second set did Sabatini summon the courage to attack at the net with any consistency, and it put her back in the match.

These longtime rivals had sailed their way into the final without dropping a set, and *now each had lost one.*

It was the closeness of the score, rather than the performance of the participants, that made the deciding set exciting.

Twice Sabatini served for the championship after breaking serve at the crucial moment, and twice Graf broke back to stay alive.

The most important point of the match, perhaps, came on Sabatini's serve at 6-5, 30-30.

In one of the best rallies of the day, Sabatini appeared to have hit a winning backhand volley. But Graf shoveled up the ball just before the second bounce and lifted it gently but diagonally out of Sabatini's reach.

So instead of serving for the title, Sabatini now faced another break point, which Graf won promptly with a forehand service return.

Just one game earlier, Graf had given up her serve by netting an easy forehand volley on break point. Such was the inconsistency of play that made the outcome of the match impossible to predict.

When she managed to hold at 6-6 and make Sabatini serve to save the match, Graf, who had double faulted on break point at 4-4, finally came up with the famous shots that had once made her invincible.

She let loose with a ferocious forehand pass down Sabatini's backhand line to put her adversary behind, 0-30, and she came through with a clean forehand service return on championship point.

Luck also played its role as the net cord tipped balls in Graf's favor twice in that deciding game.

By winning her third Wimbledon championship in four years and her 10th Grand Slam title overall, Graf has buried the dark period that followed her victory in Australia — 18 months in which the big matches slipped away from her as she coped with the debilitating publicity over her father's extramarital romance.

Not that her tennis was that horrible. In nine tournaments this year, Graf won three championships and was twice a runner-up, twice a semifinalist and twice a quarterfinalist.

But when you are on top of the world with no place to go but down, the descent can be painful.

Graf's failure to win the Grand Slams, as she once did with such regularity, continued to haunt her.

She had lost her No. 1 ranking to Monica Seles, and at the French Open last month endured her most humiliating defeat in years, a 6-0, 6-2 semifinal loss to Arantxa Sánchez Vicario.

"I think I worked through some tough months," said Graf, who received reams of unsolicited advice on her playing habits, "and I'm doing the right thing by just trying to play my kind of game, trying to do whatever I feel like and just sticking to it."

Watching from the royal box on Saturday was Diana, princess of Wales, and her elder son, the 9-year-old Prince William.

"She told me a few days ago she was going to come," Graf said, adding that she may soon be teaching tennis to the royal mother and son.

"We played once before together, and she told me that her son was going to pick up tennis, too," Graf said. "So I said that, yes, if they wanted I would sure like to do it."

—NICK STOUT

Dave Caulkin/The Associated Press

Kevin Lamarque Reuters

Boris Becker, above, was the picture of concentration but couldn't handle Michael Stich's serve. After the women's final, Gabriela Sabatini, below left, and Steffi Graf had to hand it to each other.

Denis Paquin/The Associated Press

Big Serve, Bigger Backhand Lead to Upset in Straight Sets

By Nick Stout

International Herald Tribune

LONDON — Michael Stich opened a new chapter at Wimbledon on Sunday by defeating Boris Becker for the championship two days after he eliminated Stefan Edberg.

Stich, a tall 22-year-old serve-and-volley artist who grew up near Hamburg and put school before professional tennis, broke Becker's serve in the first game of the match and kept up the pressure until he had made his compatriot a losing finalist for the second straight year. The score was 6-4, 7-6 (7-4), 6-4.

"I was nervous before the match," conceded Stich, who was playing in his first Grand Slam final. "But when I went on the court it was just a great feeling with a full house."

Everyone had been predicting a fourth straight Edberg-Becker final. But Stich, the No. 6 seed, got in the way of that scenario with his three-tiebreaker victory over Edberg two days ago.

On Sunday, Stich's glamour shot was his backhand pass down the line to Becker's forehand. Interestingly, Becker continued to serve into that backhand for most of the afternoon.

"I was returning a lot of his first serves," Stich said, probably without knowing that it had been 55 percent, "and I got the feeling that I could touch every ball I wanted to that was going into the court."

His only weakness was his serve. Of his 100 in the match, only 46 were good on the first try. Fifteen of those 46, however, were aces.

Stich was clearly the better player of the afternoon. Yet, the match always seemed in doubt.

Becker's well-deserved reputation for bearing down when it matters was always hanging over the hot and humid Centre Court, where the temperature reached 104 degrees Fahrenheit (40 centigrade).

Becker saved no fewer than eight break points in the third set before he finally lost one — the championship point itself. But he could never get a lead on Stich. And when the final point was played, he calmly walked over the net and embraced his Davis Cup teammate.

"I know how important the day can be in a life," said Becker, who won his first Wimbledon championship six years ago at age 17. "I know that his life is not going to be the same any more."

Becker said the many rain postponements had just given him "one match too many" during the week.

"My mind was very tired and not up to my normal standards," he said. "That's the reason I lost."

Stich noticed his opponent's frustration, especially when Becker would berate himself verbally after losing points.

"I just got the feeling that he was, let's say, out of his mind a little bit," Stich said. "He didn't know what to do at all. It always gives you more confidence when you know your opponent is not playing well."

Becker was not without his share of chances. He broke back in the first set for 3-3, but nullified that achievement almost immediately by double faulting at 30-30. Stich seized on the unexpected break point by forcing Becker into netting a low volley and soon afterward closed out the set in 43 minutes.

In the second set, they traded service breaks in the fourth and fifth games, and Stich failed to convert two break points at 5-5. Serving to save the set at 5-6, Stich dug out from 0-30 to force the tiebreaker.

He took control of it with a mini-break on the fourth point, a blistering backhand service return, and he closed it out with his 11th ace. Becker walked back to his chair and began screaming into his towel.

"By talking to myself a little bit, maybe more than a little bit, I tried to push myself and lift myself up," he explained.

The third set will be remembered for Becker's defense of the break points. He saved one at 0-1, four at 1-2, two at 2-3 and one at 3-4.

Stich was visibly frustrated, but he still served a love game at 4-4, winning the final point with his 15th ace.

Becker was now serving to save the match — and the championship. It went like this:

First he lost an exciting rally for 0-15, then made a horrendous forehand volley mistake for 0-30.

Then an ace for 15-30, and a good serve that forced an error for 30-30.

The next point was a breathtaking flutter of volleys and returns, with Becker falling on his stomach and getting back up to continue the point. But it ended on Stich's winning backhand volley.

Now it was 30-40, championship point, and Stich won it cleanly with a forehand service return.

It was little consolation to Becker that he leaves Wimbledon as the No. 1 player in the world, having surpassed Edberg in the official rankings.

"At this stage I'd rather be No. 2 and be the Wimbledon champion," he said.

Stich is the latest dark horse to win a Grand Slam, following the example of Pete Sampras in the U.S. Open and Jim Courier at the French Open. Stich's victory will be worth much more than the £240,000 ($386,400) in prize-money when the offers for endorsement start pouring in.

"I think I'm prepared," Stich said in anticipation of the publicity that will come with the title. "I don't know exactly what is coming up to me right now, but I just have to try to face it."

He said he would count on his friends to help him through.

"For sure it's going to change my life," Stich predicted.

3-Run Homer by Barnes Boosts Tigers

Compiled by Our Staff From Dispatches

Bill Gullickson won for the sixth time in seven starts and Skeeter Barnes hit a three-run homer Sunday as the Detroit Tigers beat the Red Sox, 7-6, in Boston.

Wade Boggs had four hits for Boston, including three doubles as the teams split the four-game series. He doubled to lead off the ninth and was sacrificed to third. John Cerutti got his first save, retiring Kevin Romine on a groundout and striking out Mo Vaughn.

AMERICAN LEAGUE

Rob Deer and Travis Fryman had three hits each for Detroit, which took leads of 5-0 and 7-3. Boston, which lost for only the second time in seven games, came back with three runs in the fifth and three more in the seventh.

Gullickson (11-4), who gave up six runs and 10 hits in 6⅓ innings, has lost only once since June 1.

Tom Bolton (7-6) allowed five runs and eight hits. But four runs were unearned in a five-run fifth because of his fielding error on John Shelby's sacrifice bunt.

After the error, Gullickson walked Andy Allanson with the bases loaded, Milt Cuyler hit a run-scoring infield single and Barnes hit his third home run of the season.

Royals 7, Athletics 5: Warren Cromartie drove in two runs in the first inning and George Brett knocked in two others, lifting Kansas City to its first home victory since June 20.

Oakland's Dave Stewart (6-5) retired the first two batters of the game, but Brett singled and Danny Tartabull walked. The runners advanced on a passed ball and scored when Cromartie singled. Cromartie scored on a single by Brent Mayne.

Brett drove home David Howard, who reached on a Stewart error, with a two-out single in the second for a 4-0 Kansas City lead.

White Sox 4, Twins 3: Dan Pasqua hit a home run in the eighth inning for Chicago, in Comiskey Park. With the score 3-3, Pasqua led off the inning and slammed a 1-0 pitch from Mark Guthrie (5-5) over the right-field fence.

Chicago had opened the scoring with three runs in the third, highlighted by Robin Ventura's third homer in three games.

Brewers 10, Indians 6: Dante Bichette drove in five runs with a single and a ninth-inning homer as Milwaukee won in Cleveland.

Milwaukee got four hits each from Albert Belle and Sandy Alomar.

Orioles 5, Yankees 3: Mike Devereaux hit a two-run homer as Baltimore won in New York, only the second loss in nine games for the Yankees.

Baltimore, which won for the second time in six games, took a 2-0 lead in the third when Bill Ripken singled and Devereaux hit his 10th home run of the season. The Orioles got another run when Joe Orsulak singled and scored on Sam Horn's fly to left, which was misjudged by Hensley Meulens and fell for a double. *(AP, UPI)*

■ *In Saturday's games, The Associated Press and United Press International reported:*

Red Sox 7, Tigers 4: Roger Clemens settled down after a bench-clearing brawl on the mound in the second inning for his 11th victory. Boston rallied for four runs in the seventh to overcome a 4-2 deficit in Fenway Park.

Mike Greenwell singled home the go-ahead run in the seventh, when the Red Sox hit six singles.

Clemens gave up 11 hits, including consecutive home runs by Pete Incaviglia and Rob Deer, setting up the pushing and shoving that all but buried the right-hander in a pileup on the mound. After Deer's 16th homer into the screen in left-center, Clemens hit John Shelby in the back with an 0-1 pitch. Shelby, bat in hand, charged the mound and was tackled from behind by catcher John Marzano as both dugouts emptied.

Yankees 13, Orioles 5: Matt Nokes hit two homers and drove in six runs in Yankee Stadium. New York won its seventh in eight games.

Baltimore led, 5-3, in the sixth inning when Nokes hit a two-run homer off starter Ben McDonald. Steve Sax, who had four of New York's 13 hits, completed the three-run burst with an RBI single off relief pitcher Todd Frohwirth.

Athletics 9, Royals 7: Danny Tartabull hit three home runs, but Kansas City still tied a team record with its eighth straight home loss.

Tartabull became the first Kansas City player to hit three home runs at Royals Stadium.

Rangers 4, Angels 3: Ivan Rodriguez provided the go-ahead runs with a sixth-inning single as Texas took advantage of an error by pitcher Jim Abbott to beat visiting California.

Abbott took a 3-1 lead into the sixth but gave up a leadoff single to Juan Gonzalez and hit Steve Buechele. Abbott fielded Mike Stanley's bunt and had Gonzalez out at third but threw the ball over Gary Gaetti's head, and Gonzalez scored. Rodriguez hit Abbott's next pitch down the third-base line for a two-run double and a 4-3 lead.

Indians 2, Brewers 0: In Cleveland, the Indians scored twice in the sixth inning to give Mike Hargrove a victory in his first game as manager.

Cleveland scored both runs in the sixth inning on RBI singles by Carlos Baerga and Mark Whiten.

Twins 5, White Sox 4: Kent Hrbek hit a two-run homer in the eighth inning, rallying Minnesota in Chicago.

Melido Perez retired the first batter in the eighth, then Scott Radinsky relieved. After Radinsky struck out pinch hitter Shane Mack, Kirby Puckett singled and Hrbek hit his eighth home run.

Blue Jays 4, Mariners 3: John Olerud homered in the 10th inning in Seattle after Toronto had rallied to tie in the ninth.

Seattle led, 3-2, in the ninth and reliever Mike Jackson retired the first two batters. But Rance Mulliniks hit a pinch-single and scored on Devon White's triple off the right-field wall.

SIDELINES

Turks Leave Games in Drug Row

ATHENS (AP) — The Turkish weightlifting team pulled its last remaining competitor out of the Mediterranean Games on Sunday following the positive drug tests of two Turkish gold medalists for positive drug tests.

Rona Ozener, head of the Turkish Sports Federation, said his delegation was notified Sunday by Mediterranean Games' officials that weightlifter Sunay Bulut, three-time gold medal winner in the 82.5-kilogram (182-pound) category, tested positive for ephedrine.

He told reporters that another Turkish weightlifter, Ali Eroglou, who won two golds and a bronze in the 90-kilogram category, had tested positive for an anabolic steroid.

● Taoufik Maouia, a Tunisian weight lifter, was banned for life Friday after failing a drug test at the Mediterranean Games. *(Reuters)*

Woosnam Wins by 4 in Monte Carlo

MONACO (AP) — Ian Woosnam easily defended his Monte Carlo Open golf title Saturday, shooting 2-under-par 67 for a total of 261 and a four-stroke victory over Anders Forsbrand of Sweden.

Forsbrand shot a final-round. Fellow Swede Mats Lanner shot 63 to finish in a four-way tie for third with Vijay Singh (62) of Fiji, Rodger Davis (69) of Australia, and Peter Mitchell (67) of England.

Severiano Ballesteros, with a third straight 69, tied for 10th at 269. Payne Stewart, the U.S. Open champion, shot 66 to finish at 270.

● Fred Couples and Russ Cochran shot 4-under 68s Saturday to tie Greg Norman in the Western Open in Lemont, Illinois. *(UPI)*

Baseball Cards Stolen

ANAHEIM, California (AP) — Baseball card collections valued at up to $500,000 have been stolen from exhibitors at a four-day sports collectibles show that ended Sunday, officials said.

Among the cards reported missing at the National Sports Collectors Convention were four Ty Cobb cards valued at $8,500 each and a 1933 Babe Ruth card worth $4,500, city spokesman John Nicoletti said.

For the Record

Azumah Nelson of Ghana, the super-featherweight champion, was ordered Sunday by the WBC to give a rematch to Australian challenger Jeff Fenech, promoter Bill Mordey said in Sydney. *(AP)*

The FBI said it is investigating a shortage of $200,000 to $400,000 in the accounts of the U.S. bobsled federation. *(AP)*

The Florida Marlins has been chosen as the name of the new National League team in Miami, officials said. *(AP)*

French Grand Prix organizers in Magny-Cours were fined $20,000 for delaying qualifying Friday for an hour. A spokesman called delays "embarrassing:" First, a section of glass from a foot bridge fell onto the track, then a rabbit ran out and had to be shooed away, then a French medical team was allowed to finish a late lunch. *(Reuters)*

Umpire Is Shot Trying to Foil Robbery Attempt

Compiled by Our Staff From Dispatches

DALLAS — American League umpire Steve Palermo was shot in the back Sunday while chasing a group of robbery suspects outside a restaurant.

Police said Palermo, 41, was admitted to Parkland Hospital. He is listed in serious but stable condition.

Palermo had worked the California-Texas game in Arlington, Texas, Saturday night. He was at Campisi's Egyptian Restaurant for dinner after the game.

About 12:45 A.M. Central Daylight Time, Palermo noticed four suspects robbing two women at gunpoint in the restaurant's parking lot. Palermo, another patron and an employee rushed to help. A woman's purse was taken and its contents emptied.

Three of the suspects drove off in a car, but the fourth was chased across a highway overpass to the parking lot of a bakery, said police spokeswoman Vicki Hawkins.

While they were trying to make a citizen's arrest — without any weapons of their own — the other suspects drove up and one of them fired two shots, striking Palermo in his abdomen and a second man in the neck, Hawkins said.

■ Indians Change Managers

The Cleveland Indians, the worst team in the major leagues, admitted that John McNamara was not completely to blame for their problems. But they fired *him* anyway, replacing him with the first base coach, Mike Hargrove, The Associated Press reported.

The announcement was made in Cleveland Stadium on Saturday, and the team responded with a victory over Milwaukee. Hargrove's contract, the team said, goes through the 1992 season.

McNamara, 59, was in the second year of a two-year contract with the Indians, the sixth major-league team he has managed.

"John McNamara is not a scapegoat," said Hank Peters, the team president. "He's not totally to blame for what has happened here. If there was a shortage of talent on this ballclub in the minds of any of you, that responsibility is on my shoulders and the shoulders of management."

Hargrove, 41, spent 6½ of his 12 seasons in the majors as a first baseman with the Indians.

● Julio Franco of Texas was cleared to play in Tuesday's All-Star Game after tests for chest pains. Heat and caffeine caused his problems, doctors said Sunday.

● Fernando Valenzuela, hit hard in two starts with California and sidelined by a heart problem, was placed on unconditional release waivers Friday by the Angels. Valenzuela will become a free agent for the second time this year if he is not claimed by Wednesday.

Valenzuela was placed on the disabled list on June 13 after a physical revealed an abnormal cardiogram. Additional tests showed he had a rare condition that periodically crimps one of the arteries carrying blood to his heart. But he was given approval to return to pitching on Monday. *(UPI, AP)*

Mets Win 7th Straight, Pirates Revive

The Associated Press

David Cone pitched a five-hitter over 8⅔ innings and Kevin McReynolds drove in three runs as the New York Mets won their seventh straight game, defeating the Phillies, 8-2, Sunday in Philadelphia.

The Mets have won 11 of their last 13. All seven victories during their current streak have come on the road. New York is 26-16 on the road, best in the National League.

Cone (8-5), who led the NL in strikeouts last year, struck out eight and now leads the league with 113. He walked three.

Cone struck out the side in the first inning. He has struck out the side in the first inning four times in his last 13 starts.

Ricky Jordan led off the ninth with his seventh home run, spoiling Cone's shutout. Charlie Hayes added a two-out RBI double, scoring Darren Daulton.

Jeff Innis got the final out in the ninth, sending the Phillies to their 12th loss in 15 games.

The Mets batted around in the third inning, knocking out Phillies' starter Tommy Greene (5-3). Daryl Boston walked and scored as Garry Templeton extended his hitting streak to 11 games with an RBI double. One out later, Keith Miller's hard grounder caromed off Greene's leg into short right field, scoring Templeton.

Miller went to second on an errant pickoff attempt and scored on McReynolds' two-out single. McReynolds scored a single by Hubie Brooks, finishing Greene.

Pirates 6, Expos 1: Doug Drabek allowed five hits over seven innings and keyed a three-run fifth with an RBI single as the Pirates ended a three-game losing streak with the victory in Pittsburgh.

NATIONAL LEAGUE

Drabek (8-8) struck out a season-high 10 while lowering his earned-run average to 2.94. Drabek has reversed a 1-6 start by winning six of his last seven decisions.

Drabek allowed a solo homer to Ron Hassey in the fifth, then got the run back with his bat in the bottom of the inning. Oil Can Boyd (4-8) walked Mike LaValliere and Jose Lind advanced him to third with a double down the left-field line. Drabek scored LaValliere with a single up the middle.

Astros 7, Reds 3: Mark Portugal won his eighth game and Jeff Bagwell had three hits and scored three runs in Houston.

Portugal (8-4) pitched 6⅓ innings, allowing three runs on six hits. He struck out three and walked three as Houston won for the fifth time in six games.

Houston took a 2-0 lead in the first when Craig Biggio singled, moved to second on Bagwell's single and scored on a single by Luis Gonzalez. Ken Caminiti then singled in Bagwell.

The Astros scored twice more in the third. Bagwell walked, went to third on Caminiti's single and scored on a throwing error by left fielder Glenn Braggs. Mark Davidson's RBI single chased Browning.

■ *In Saturday's games, The Associated Press and United Press International reported:*

Expos 2, Pirates 1: Visiting Montreal scored twice before getting a hit, and Mark Gardner and two relief pitchers combined on a two-hitter.

Gardner, who allowed both hits, left after walking Orlando Merced and Jay Bell to start the ninth. Tim Burke, the third Montreal pitcher, got pinch-hitter Lloyd McClendon to ground out with the bases loaded for his fifth save.

Giants 4, Padres 1: Don Robinson gave up one run and two hits in 8⅔ innings as San Francisco won at home.

Robinson carried a one-hitter into the ninth, then he walked Thomas Howard and Tony Gwynn singled with two outs to bring on Dave Righetti. Righetti retired Fred McGriff on a deep fly to complete the combined two-hitter and earn his 11th save.

Mets 2, Phillies 1: Hubie Brooks homered as New York won in Veterans Stadium.

Dale Murphy went four for four for the Phillies.

Astros 3, Reds 0: Jimmy Jones pitched a three-hitter for his first shutout in four seasons, and Ken Caminiti hit a two-run homer in Houston.

Jones had his first shutout since August 10, 1987, and his first complete game since August 11, 1988. He ended a personal four-game losing streak.

Cubs 12, Cardinals 2: Andre Dawson had three hits and three RBIs as Chicago won in St. Louis.

Dawson hit a two-run homer, his 14th, and a run-scoring double to lead Chicago's 13-hit offense.

Dodgers 7, Braves 6: Orel Hershiser won in Dodger Stadium for the first time in more than a year and Brett Butler extended his hitting streak to a major-league high 20 games for Los Angeles.

Hershiser, who underwent reconstructive surgery on his right shoulder early last season, had last won at home on April 19, 1990. He had gone four starts at home without a victory this year.

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Doing the Monster Maze With Linda Hamilton

By Rita Kempley
Washington Post Service

NEW YORK — "You learn quickly not to bend over around Arnold," says Linda Hamilton, who stars opposite Schwarzenegger in "Terminator 2: Judgment Day." Hamilton, a sensitive waitress the first time around, is a veritable Terminatrix in this bombastic installment.

Still a little caught up in the role, the 34-year-old elfin actress alternately drags on a butt and swigs from her Amstel Light. She's telling about Schwarzenegger and her twin sister, Laura. The day Sis arrived on the set to double for Linda, "Arnold thought she was me," Hamilton says. She was bent over; he came up behind her and gave her a squeeze.

"It was just a brief thing and very affectionate. I mean pretty ordinary behavior for a man. But when she said, 'I'm Linda's twin sister,' he didn't get it. 'Yeah, yeah,' he said, and he kept on as if she was me. And finally as he began to put it all together and he saw her suitcase, his face darkened and it was an actual moment of true embarrassment for Arnold. And they are so rare, I have to glory in it."

She and Schwarzenegger team up with a kid actor in this encore to the 1984 "Terminator," in which the cyborg befriends the pre-apocalyptic Madonna, Sarah Connor, and her son, John, a 10-year-old who resents his militaristic mother and warms to the machine, which he calls Uncle Bob. "Of all the would-be fathers, this machine measures up," observes Sarah. "In an insane world, it was the sanest choice."

Basically Hamilton's career has been a monster mash of bad movies and ridiculous notions. Among other things, she has performed open-heart surgery on the big ape in "King Kong Lives" and been sacrificed to the Niblet God in an adaptation of Stephen King's "Children of the Corn" and, perhaps scariest of all, played opposite Mickey Rourke in the TV movie "Rape and Marriage: The Rideout Case."

And then there were a few real-life traumas. After seven years of what she imagined was a good marriage, her husband, Bruce Abbott, walked out on her. "My grandfather died when he was 34, my father died when he was 34, and my husband left when he was 34. It's like the women in my family lose their men at 34. If I have a daughter, I'm just going to say, marry a 10-year-old so you can at least spend 24 years together.

"Every trip that my husband took when he was 34, it was like, I hope you don't die. And then he comes home and leaves me. Yeah, he left right before the baby was born."

'Terminator' star has tussled with some fearsome ogres in her time.

She especially enjoys the rough and tumble of action adventure, the challenge of reacting quickly. "Sarah's like a tripwire, in a way," says Hamilton. "I spent a day getting bullets blown off around my head when the SWAT team attacks the Cyberdyne Building. I got literally shellshocked. By the end of the day, I could not do two things in a row."

After putting in what she estimates was on average "a 36-hour day," she'd go home and be the best mother she could be. "You sit down on the floor for 10 minutes with your baby and the world comes back," she says, as if sharing some magic secret. Dalton Abbott, now 20 months, appears in the film's opening dream sequence.

Born six minutes ahead of her twin on Sept. 26, 1956, Hamilton developed a morbid fear of losing her identity. So as a teenager she cut off her hair, eyelashes and eyebrows. "The Diane Arbus images of twins always scared me. I would look at those books and just say 'uuugh' to the idea of seeming so closely linked. My grandmother still looks at pictures of me in those old days and says, 'Who is that fat little boy?' "

As Schwarzenegger learned, the two are identical. It is no accident that Linda became the Manhattan beauty who spent two seasons romancing the stoat — or was he a missing member of the cast of "Cats"? — in the kinky TV series "Beauty and the Beast." A cult hit when it first aired in 1987, the show has recently been running on the Family Channel.

"I'm thrilled that I did it because it's over," she says somewhat disgustedly. "I enjoyed its romance and lyricism, but the characters didn't grow." At the end of the first season, cautious decision-makers would not O.K. so much as a smooch between the high-powered district attorney and her fuzzy, poetry-loving companion. "They had their souls kissing. The network always made the safe choices. For five days I wept because I felt cheated as an actress — well, maybe not that long."

She takes another gulp of her Amstel. "I played the character who wants to kiss the beast. And the whole challenge is to move the relationship along and explore it. And it wasn't explored. I think I did 48 episodes of basically the same thing. They read poetry on the balcony and she puts her head on his shoulder.

"It would be a real challenge for me actually to work with a leading man without fur or bullet holes. I mean, like how many more monsters, beasts, whatever, can there be? I've worked with every conceivable monster and practically been hunted by everything. But there's always something new right around the corner."

By the time we meet Sarah in "Terminator 2," she is a case-hardened, machine-bashing amazon. There was originally a little male-bashing too, she says. "I had this speech that originally began, 'Did you know that every gun on the planet was named for a man?' " But Sarah's "problems are not gender-based but a natural consequence of living with the nuclear war. She is a strong character, but she's not one we would want our children to pattern themselves after."

In fact, Sarah has been institutionalized because she insists that she has been visited by cyborgs who in the future will fry us with our own nukes. Hair stringy and eyes wild, she glares at her doubting psychiatrist, who asks her one too many times what she means by that. "Anybody not wearing 2 million sun block is going to have a very bad day," she snarls.

It's Sarah, however, who sheds most of the blood, what with being slashed, shot and skewered by the enemy T-1000 cyborg, a liquid metal creature more relentless than the original Terminator. "It would take me sometimes two hours just to get the blood off of my body and my hair combed. It was disgusting, real frightening hair, matted as a dog."

Hamilton has tussled with some fearsome ogres in her time, including an addiction to cocaine that she overcame in the mid-1980s. Further, she says, "I've worked with monster directors sometimes, mean, mean, mean, mean people." So it isn't any wonder she feared the new monster might not be scary. "But it's a good thing I'm not a director. It's like in the first one I wasn't really certain that Arnold would serve the piece. I thought it was maybe a mistake to cast him. Someone who looks so machinelike as a machine. I remember sitting and watching him the very first night that he was on the set and I watched him for several hours and I just went, 'We're going to be O.K. He knows what he's doing.' "

But beware the cyborg squeeze.

Warrior Linda Hamilton getting ready for Judgment Day.

LANGUAGE

Beware of Ware and Weaning

By William Safire

WASHINGTON — Let the speaker beware: The combining form *-ware* is everyware.

According to Howard Gardner, a professor of education at Harvard, a new use of the ubiquitous *-ware* popped up in connection with a recent meeting of the Cognitive Science Society that concentrated on artificial intelligence. Gary Lynch, a neurobiologist investigating the mysteries of memory, I forget at what school, recalled he felt completely out of place at the conference, "a student of *wetware* among the computer hackers."

Since the early '80s, *wetware* has meant "the human brain," presumably because it is moist when removed from the cranium. Other coinages were possible — *skullware, grayware,* even *noodleware* leap to the mindware — but *wetware* has been adopted by neuroscientists to differentiate the working of the human mind from the *software* that drives the *hardware* in a computer. Alan Stern of Hastings-on-Hudson, New York, suggests that *dryware* may soon be used to denote the entire hardware-software spectrum in comparisons with human thinking.

The term *ware* for "manufactured thing" has been kicking around for the better part of the millennium after making its debut in the English abbot Aelfric's "Homilies" circa 1000. Robert K. Barnhart's dictionary of etymology makes a guess at the origin: perhaps the original meaning was "object of care," related to *waer,* "aware, cautious," akin to *beware.*

A peddler showed his *wares,* and in the 14th century decided to call the place he stored them a *warehouse.* (That word suffered pejoration when it was used to mean "the unkind storage of people" or "the dark and airless storage of goods," but has been given a happy connotation in the promotion of new "food warehouses," discount supermarkets.) By 1440, tools and parts of machines were *hardware;* that led to *chinaware* and *earthenware* (we're in the 17th century), *kitchenware* and *glassware* and *tableware.* In this century, every generation has its ware: first *giftware,* then in 1921 *housewares,* in 1943 *spongeware* — that's *earthenware* with color spattered or sponged on — and then, in 1950, the trademark *Tupperware.*

That eponymous trade name is based on Earl S. Tupper's original line of molded plastic tumblers, canisters and soap holders, marketed at gatherings in private homes. In Thomas Pynchon's 1966 novel, "The Crying of Lot 49," the word was immortalized in the literary world: "Mrs. Oedipa Maas came home from a Tupperware party whose hostess had perhaps put too much kirsch in the fondue."

With the *software* explosion in our generation came *courseware* ("programs written to teach"), *firmware* ("programs implanted in a read-only-memory device," combining hardware and software for a specific task), *shareware* ("copyrighted software to be used and copied without charge, but not on a regular basis"), and *freeware* ("software in the public domain" to be used as freely as a good metaphor in a presidential speech).

What about the wear in *menswear, sportswear, swimwear, sleepwear* and the new *dancewear* (replacing the eponymous leotards)? No; that *wear* and the other *ware* are homophones, words that sound the same but are spelled differently and have different meanings. Until there is a special uniform chosen by the users of *softwear,* there is, as Gertrude Stein would say, no *warewear.*

□

When does a mistake become a new sense of a word?

Viola Novicki of Niles, MI (MIchigan, MIssissippi, only the U. S. postal computer knows), sends in a couple of recent citations. One is Tom Brokaw of NBC talking about "children weaned on television"; another is a vituperative clayfoot writing in The New York Times about the background of the new secretary of education, Lamar Alexander: "Lamar was politically *weaned* by Bryce Harlow."

The verb *to wean,* Novicki notes, means "to cause to give up suckling and accept other food" and by extension "to detach from the accustomed." The essence of the meaning is removal; a baby is weaned away from mother's milk to hearty meals of mashed bananas. The verb, which may be rooted in the Latin *Venus,* has never meant *to suckle;* just the opposite, it has meant "to withdraw from suckling."

Yet here are two influential language nurses, Brokaw and Safire, using the word in the sense of "brought up on, reared, raised." Are they mistaken or on the cutting edge of new usage? Let us fearlessly dip our elbows into that tub.

"Perhaps it was a simple case of confusion about the meaning of *wean,*" says Merriam-Webster's Dictionary of English Usage, citing a dozen examples, from Fred Allen in 1931 ("Babies are being weaned on aspirin") to a 1985 New York Times book reviewer ("a writer weaned on the short story"). "The new sense of *wean* has established an independent existence for itself, apart from the literal meaning of the word," says the anything-goes usage guide. "Its eventual appearance in dictionaries is just a matter of time."

True enough; Webster's New World, Third Edition, already has it as a third sense: "to be raised on or brought up with; to become accustomed to."

Wait a minute. Are the Language Snobs going to let the Language Slobs take over without a fight? Granted, *weaned on* is in use by solecists, mainly men who never offered a hungry baby a nurturing teat. But are there no defenders, besides Novicki, of *weaned away from* as the meaning insisted upon by educated users of the language?

I think the misuse of *weaned on* came about as a euphemism for *suckled on,* as if that beautiful term were somehow too intimate for ordinary discourse. Let's reject that cowardly linguistic prissiness.

My advice: If you mean *raised by,* use that term (for animals, of course; for humans, it should be *reared by.* If you mean *suckled on,* use that vivid term to refer to the milk, or *suckled by* to refer to the mother. Same with the figurative extension: "Lamar was politically suckled by Bryce." You, too, Tom: "children suckled on television."

Use *weaned* with *away* or *from* to avoid the new confusion. (In buying a puppy, however, a simple "Is it weaned?" is acceptable. "Is it wormed?" and "Is it housebroken?" do not enter into this controversy.)

My ambition is to avert over-weaning. When next you hear a media biggie boast of having been "weaned on Watergate" or whatever, snicker ostentatiously. If this informed correctness fails; if the weaning barbarians cannot be driven from the temple — then from the nurturing breasts of clarity and precision we'll all be suckled away together.

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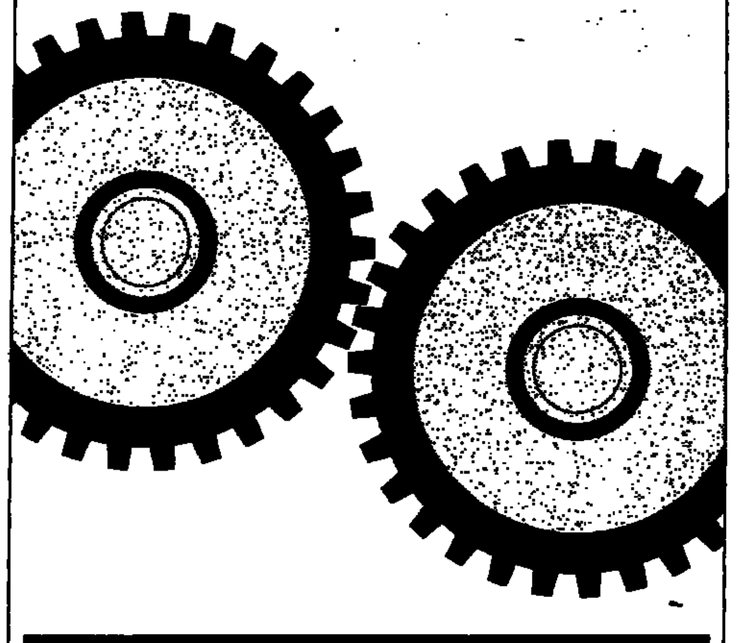

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